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## RISKS OF NUCLEAR WAR REVIEWED, DEBATED

Paris DEFENSE NATIONALE in French Nov 80 pp 61-70

[Article by Pierre-M. Gallois: "Risks of Nuclear Escalation"]

[Excerpts] What are the definitions of escalation? Let us imagine two adversaries possessing the total gamut of conventional and atomic weaponry and let us suppose, for a specific conflict, that they meet on territory other than their own (and, consequently, territory without "sanctuary"). If they confront one another with conventional arms, the time will come when one of the two will be victorious over the other and when that adversary, placed in a situation of inferiority, will be faced by a choice: either he will capitulate and, consequently, will lose the war, or, on the contrary, he will seek a more powerful weapon in his arsenal in an effort to carry the day. Confronted by the destructive effects of this more powerful weapon, his opposite number will be forced to further disperse his conventional forces, and these forces will then lose part of their firepower.

In turn, this belligerent will be forced either to capitulate or to find a more powerful weapon in his arsenal which, in turn, will dominate the adversary. The time will come when one of the two parties will find himself forced into the decision of crossing the extremely fine line which today separates the nonnuclear weapon with the greatest destructive force from the nuclear weapon at the lower end of the destruction scale. The escalation process has then been initiated. Naturally, there is a great difference between the country which starts a war and a country which finds itself in a position to defense. For his part, the aggressor will have calculated the advantages and disadvantages of his initiative, including the risk of escalation. Consequently, he will have formulated a certain number of hypotheses concerning the possible behavior of his future victim. This victim, perhaps, will be caught unprepared as it did not start the war: it is the victim of such a war. Therefore, it will be necessary for this country to immediately find a suitable counteraction and to decide whether or not to resort to escalation. There is also a considerable difference, linked to precedent, between the escalation phenomenon manifested by an autocracy and the conduct of this escalation by a democracy. The autocracy does not have concern for the weight of public opinion. In the case of an escalation taking place over a period of time, as opposed to a sudden nuclear attack, the weight of public opinion obviously would be felt within a democracy and the latter would find itself restricted vis-a-vis an autocracy whose governments would not have to take into consideration the reactions of public opinion.



There is a third variant: escalation involving states with very unequal power. It is clear that any state possessing large armed forces can look upon the escalation process quite differently than a state which has only limited military means. Also the latter would have to find itself in the presence of a really vital confrontation to attempt the adventure of escalation, since the leaders of this country would know that their powerful adversary would not agree to compromise and that he would be in a position to proceed to the extremes of violence.

Finally, in the specific case which finds two kinds of society in opposition, there is still a principal distinction to be made between incidents which could take place on the borders of even a power such as the Soviet Union, for example, and those which could occur at a distance. Quite obviously, when such incidents (in which the Soviet Union always has the initiative) take place on its borders, the Red Army intervenes. It intervened in such a way in east Poland, Finland, Czechoslovakia, Hungary, East Germany and most recently in Afghanistan. These involved contiguous territories, and the Soviet Union entered the lists with its own forces. These forces have a long tradition of victory; and, in the eyes of the Soviet Government it is inconceivable for the Red Army to make an about-face and yield. The Soviet Government knows that the cohesion of the Soviet empire would not withstand any outright defeat of its army. Also the fate of the peoples directly attacked by the Soviet Army, in my opinion, is sealed. On the other hand, when it happens that the Soviet Union intervenes at a distance from its borders, it never does so directly, with its own means. It uses friendly political parties or even intermediaries, such as the Cubans, or the volunteers of an allied power. As for the Soviet Army, it limits itself to providing logistical support or arms. But it never engages itself. Also a setback would not jeopardize the existence of the system. The Soviet leaders would pretend to be disinterested, and public opinion would pay no attention to the intervention. All of the Kremlin's foreign undertakings have not been favored by good fortune: this was the case with Sudan and Egypt. On the other hand, in Angola, Ethiopia, South Yemen and Vietnam, Moscow made quite a few points.

There have been other examples of escalation. The best known is obviously the one for which the 1962 Cuban crisis was the setting. In that crisis, which has been described as one of the models of political "gesticulation" by American leaders vis-a-vis Soviet aggressors, there are many things to review. In fact, by installing ballistic missiles in Cuba—42 missiles on concrete platforms, if my memory does not fail me—the objective of the Soviets obviously was not to destroy the United States. The Russians knew quite well that the Americans at the time had about 1,520 heavy bombers, while they themselves did not have an antiaircraft defense effective enough to neutralize such means. Moscow was not unaware of the fact that in the event of an attack on American territory which would have been made with these 42 missiles, a few hours later, the Soviet Union would have been devastated by megaton attacks. The Kremlin's objective, therefore, was not to threaten the territory of the United States as was claimed. Moscow was merely attempting to "sanctuarize" the island of Cuba which for the Soviet Union was an essential jumping off point in the Caribbean Sea, vis-a-vis Central and Latin America. On the other hand, the Americans' objective was to chase Fidel Castro out of Cuba; and they had attempted to do this with the Bay of Pigs operation, which was organized by President Eisenhower and Allen Dulles. Of course, that was a troublesome heritage which President Kennedy did not know how to get rid of. As is known, this operation was a fiasco similar to the one which America has just



experienced in Iran and for somewhat the same reasons: the lack of decisiveness on the part of the president. At the time of the Cuban affair, after having promised air support which was to have been decisive against the small Cuban Air Force, John Kennedy renounced such support for fear of committing his country too deeply. In addition to that, Mr Krushchev had sized up the new president during their meeting in Vienna; and he felt he could count upon the latter's inexperience. That was the reason for the clearly colossal risk, contrary to what we know about Soviet policy, which Moscow had taken with the installation of ballistic missiles less than 100 km from the American coast. At the time, no one could believe that the Soviet Union would take such an initiative: reconnaissance flights, at the end of August 1962, and photos taken over Cuba were necessary before the evidence was believed. The operation was ended, not as claimed, with a victory for American diplomacy but with a setback. In fact, Fidel Castro, whom Washington wanted to chase out of Havana, remained in Cuba as the Soviets desired. What is more, the Americans withdrew the ballistic missiles they had deployed in Europe in 1957, principally in Great Britain, Italy and Turkey. Of course, a phony excuse was given to explain this withdrawal; and Western public opinion was deceived. The American argument was that these missiles were obsolete. As a matter of fact, these were "Thor" missiles which were exposed to destruction on their surface platforms. However, as such, these "Thor" missiles played an extremely important political and military role. Their presence gave the adversary the following alternatives: either that adversary respected the status quo or he would have to preventively destroy these missiles, if he wished, for example, to attack Turkey, without suffering the effects of a nuclear counterstrike. In this event, American blood would have flowed; and there was a risk that this would happen. The United States made it known that they were going to replace these missiles with much more modern missiles (launched by submarines), and European public opinion believed it was getting replacements. It was wrong. In fact, in the case of the "Thor" missiles, the decision to involve American soldiers in war was up to the Soviet Union since it would have to preventively destroy this weaponry. On the other hand, the fact of launching "Polaris" missiles from submarines in the Mediterranean, in reprisal for a conventional Russian attack, would have been an American decision. That is, the responsibility for the decision passed from the Russians to the Americans who, to defend Turkey, would have had to attack Russian cities with their missiles. Consequently, from two standpoints, the Cuban affair resulted in a victory by the Soviet Union. All the more so because President Kennedy then committed himself by treaty to never again engage in an operation of the Bay of Pigs kind and to never attack Cuba. Therefore, it is possible, following the Afghanistan affair on the morning of 28 December, at a time when certain advisers reportedly urged President Carter to respond with the seizure of Cuba, that the signing of the 1962 agreement played a certain role. "Our deeds follow us," and Kennedy's decisions may to a certain extent have tipped the balance.

Let us now consider a third experience, that of the October 1973 crisis. That Yom Kippur war was a strange war, and its singularities continue to be pretty much of a mystery to us. That was the first war in which two nonbelligerents, which were supporting the warring countries, were better informed about the position of the contending troops than the belligerents themselves. It must also be said—second singularity—that the Americans like the Soviets seemed to know the date of the onset of operations. One hour after they were started, the Soviets launched

a satellite, another followed 3 days later, then another 4 days after that, so that the battlefield was under continuing surveillance. But when we realize the preparations required for the launching of several satellites, we can believe that the Soviets were hardly unaware of the fact that there were going to be hostilities in the Middle East. And the Americans, too, in spite of denials by Henry Kissinger. The question can even be asked of whether or not in this affair there was a deliberate effort to deceive the Israeli intelligence services in such a way as to place Tel Aviv, at least temporarily, in difficulty, the lesson inducing the Israelis to compromise [composer]. That is the reason for what followed.

However, to better understand what happened on 25 October, we must take into account the treaty signed on 21 and 22 June 1973 in Washington. Mr Brezhnev was received with great ceremony by Mr Nixon; and the two powers signed a six-article treaty by means of which they put an end, they said, to the danger of nuclear warfare between them. There was nothing new in that: 20 or 25 years ago such a danger had already been ruled out. But, vis-a-vis world public opinion, it was a response to the general hope. The agreement also included a statement of principle by the two powers stressing their devotion to democracy, their desire for peace, their sincerity in cooperation, etc. These statements are part of the contemporary diplomatic ritual. In another article, the two powers declared that they would thenceforth abstain from the use of force directly upon one another. In a way, it was confirmation of the peaceful coexistence announced by Krushchev in March 1961 in his famous speech; and it was also confirmation of what Kennedy had demanded in Vienna; not war between the "Big Two." That would have been too horrible. Twelve years later, the two powers, therefore, signed a document in which they declared that they did not wish to attack one another directly. A third article mentioned the ways and means of permitting the application of the two preceding articles and the prevention of an accidental war; however, in the final analysis, there is talk of such a war today. And, above all, there was a fourth article which had the purpose of extending the agreements made between the two powers to other states. The two parties recognized that, if a conventional war between states which were not parties to an agreement could present the threat of degenerating into a nuclear war, the two great powers should immediately consult one another and combine their efforts to put an end to the conflict. Articles V and VI followed. They dealt with application measures. However, Article IV is important, and it seems that this article was evoked at the time of the Middle East crisis. During the Yom Kippur campaign, the military situation at first developed favorably for the Egyptians: they overran the Bar Lev line in a few hours; they succeeded in having several hundred men cross the Nile without the Israeli intelligence services, which were gratuitously assured by the Americans, having had sufficient information about the situation. General Dayan himself has said that up to the last minute the Israelis had never thought they were going to have to make war. Therefore, it is not ruled out that the American intelligence services failed to communicate to the Israeli services all that they knew. The situation was critical for a long time for the state of Israel whose forces had to retreat. It is also noteworthy that, beginning on the 4th day, Egypt's allies, including Syria, were receiving quantities of Soviet arms while the first arms destined to reestablish the situation on the Israeli side were not delivered until the 11th day of the conflict. What is more, even though the arms supplied in dire extremity were quite sophisticated and even though they had been more or less tested during the war in Vietnam, the Israelis had no knowledge of them. It is known how the Israeli forces

rectified the situation: General Sharon made a breakthrough with his tanks between the Egyptian 2d and 3d Armies and drove toward Cairo. The maneuver was unexpected and Mr Kosygin immediately traveled to Egypt and Mr Kissinger to Moscow. An initial cease-fire was imposed upon the two belligerents; however, General Sharon paid no attention to it: he had the victory. And since the satellites regularly supplied information about the advance of General Sharon, Kosygin made an extremely urgent demarche to the Americans to exert pressure on the Israelis in order that the cease-fire would really be applied. General Sharon continued his advance; there was the famous threat of the Soviets to reoccupy the Canal region with parachute units to interpose themselves between the Israeli and Egyptian troops. Events were, therefore, taking quite a different turn than the one envisaged in Washington and Moscow. That is why, on the night of 24-25 [October], the National Security Council met (the president himself did not bother to attend, while Kissinger was present in two capacities: as the president's personal adviser and as secretary of state). It was decided to put the Strategic Air Command on alert No 4; i.e., to place the strategic forces in a state of alert which was to appear to be a measure of intimidation, a kind of "gesticulation," within the very framework of escalation. It was then that it became necessary to go back to the 1973 treaty, signed 5 months before these events. By its decision to put the Strategic Air Command on alert, the American Government included the Near East conflict within the definition of a conflict which could degenerate into nuclear war. That is, it imposed two-way negotiation upon the Soviets. Effectively, that is what happened. Negotiations between the United States and the USSR began; it was established that the negotiations would be held in Geneva but, in reality, by initiatives which do not fall within the purview of our examination, Kissinger then managed to eliminate the Soviets from the negotiations. This was doubtless an error, with America bearing sole responsibility for Camp David and its consequences. Also, at the time the Soviets attacked the Muslim peoples of Afghanistan, it was the U.S. Embassy in Iran which was occupied, while the Soviet Embassy functioned normally.

A few additional words about the case of France. The error which must not be made is to believe, situated where it is, and playing the critical role it has in Europe, that it can still choose between "all or nothing." This choice does not belong to France. This choice belongs to the aggressor who will impose it upon her. One cannot imagine powerful Soviet Russia taking the colossal risk of moving from a state of nonwar from which we know it has been profiting for 25 years, to a state of open war in Europe and then agreeing, in the face of the conventional resistance which we might put up against her, to make its armies do an about-face and to admit that they are suffering a setback, at the risk of knocking to earth the vast political and social structure which the Kremlin has patiently constructed. That is not conceivable. If Soviet Russia were ever to make the decision to use force in Europe, it could not refrain from using its armies and neither the latter, nor their leaders, could accept a setback. The regime and the empire would not withstand such a setback. Consequently, it is indeed the "all" with which France is confronted; and, what is more, there are many examples: it was with the "all" that the Poles, Finns, Romanians, Bulgarians, Czechs, Hungarians and East Germans were confronted. The "all" is occupation and subservience, although it is difficult to speculate on a phenomenon of escalation between the European countries and the Soviet Union. We can hardly believe in the search for a graduation in the

reprisals which the countries of the West would bring to bear vis-a-vis those of the East. The latter, possible initiators of a war in Europe, will never accept a setback. It is difficult to imagine the East attacking the West to lose such a decisive conflict. The democracies are in quite another situation. It is not up to them to start the war. They can only endure it. And in all the forms that the aggressor will judge advantageous to him to utilize.

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CSO: 3100



## SOVIET, EAST BLOC EFFORTS TO DELAY CSCE, HELSINKI ACCORDS

Barcelona LA VANGUARDIA in Spanish 9 Nov 80 p 15

[Interview with president of Spanish delegation to CSCE, Javier Ruperez, in Madrid on 8 November, by Jose Luis Martinez]

[Text] Madrid, 8 Nov--The president of the Spanish delegation to the Conference on Security and Cooperation in Europe, Javier Ruperez, does not seem optimistic as the first preliminary phase concludes. After 9 weeks the representatives from 35 countries have not been able to come to an agreement on setting up an internal working method. With the opening session only a few hours away, on 11 November, the climate of distrust between the countries of the two blocs, the Warsaw Pact and NATO, is the dominant note in these preliminary conversations. The USSR and the East European countries are obsessed with avoiding a pointed discussion of the intervention in Afghanistan and other actions, while the western countries want an analysis and exhaustive condemnation of this type of enterprise. Swords are drawn between the two blocs, and this weekend uncertainty hangs over the Congress building in Madrid where the Conference is taking place.

[Question] How can the lack of agreement on subjects such as the procedure and working method of the conference be explained?

[Answer] We have spent 9 weeks exclusively on problems of procedure, and it is really difficult to explain why 35 countries, all of them important, are not coming to an agreement on approving a method of procedure for the conference. What is happening is that some countries are trying to nullify the final statement of the Helsinki Conference. It is not only procedure that is being argued; that covers up deep differences relating to the very concept itself of the conference. Differences relating to the very concept itself of the conference. Differences which have been taking shape over the course of the years, which in certain areas of the conference can make one think that it is the final sense of the Helsinki Conference which is being changed, or that they are trying to change markedly from its original form.

[Question] Are there other reasons for this major disagreement between the two most important blocs at the conference?

Progressive Deterioration Internationally

[Answer] Yes, there are other reasons. That general concept of what the procedure



of the conference is, of what detente is, has been suffering recently, and it has suffered continuously since the document was signed in 1975. It is a progressive deterioration internationally, and although those tensions have not been directly reflected in the preliminary stages, it is evident that that deterioration, with the uncertainties which it has involved, is creating a situation of distrust, a certain paralysis, which is serious.

[Question] There have been comments that the Soviets and their allies are obstructing normal progress, so as to avoid a full debate on Afghanistan.

[Answer] Yes, it is true, and another additional comment can be made also. Soviet negotiating tactics, which in a certain way are tactics by the book, consist of more than making use of time--of misusing it--with statements which are overly rigid and never adequately explained; and always waiting for the end of the time available to use the psychological pressure of time at that moment so they can obtain everything possible. Up until the last moment the Soviet negotiator does not give up the hope that one more drop can be squeezed out of the lemon. Those tactics have had their function in the past, but obviously here they have come up against western negotiating tactics which are much clearer: putting forward the position considered to be final from the first moment, and making them see that there is no possibility of changing that position, because it is not a more or less hidden tactic, but simply a very clear presentation of a certain desideratum.

[Question] Then they have been opposing the spirit and consensus of the Helsinki Accord itself, clearly causing political damage to that platform?

## Two Basic Concepts

[Answer] There are two basic concepts to the conference. On one hand there is the final agreement of the Helsinki Conference, which is the document which constituted and inspired this conference. This is a balanced document, with the natural ambiguities of a text which has been negotiated and drafted on a basis of consensus; here there were no majorities or minorities. In that context it is clear that this agreement contains three parts: one dedicated to the political-military aspects of detente or security; a second aspect devoted to topics of cooperation; and a third package or basket devoted to human rights. We, and the West, naturally have a greater inclination to emphasize something that is the very essence of the western system: respect for the rights of man and fundamental liberties. But in the course of the conference I believe that our approach is a realistic one, without attempting to convert the conference into a forum for discussion of the rights of man only, since there are political and military factors to consider, and otherwise the subject of security would not be dealt with thoroughly.

[Question] Accusations are constantly being made by the western countries that the Soviet Union is delaying the progress of the conference. What is the basis for these accusations?

[Answer] At this time we think, without taking into account the controversy over what is interference in internal affairs or not, that as regards the Soviet Union and the Eastern bloc, respect for human rights in those countries does not concern only the domestic sphere. The final Helsinki Agreement makes this statement, and

it is also associated with the development of international law and with all present-day international relations. On the other hand, we cannot say that detente is a practice limited only to Europe, as if it were an island of peace, and that certain activities which are carried on outside of Europe by countries taking part in the conference have nothing to do with security in Europe. The Soviet Union does not want an open and plain debate on all its foreign activities, especially the invasion of Afghanistan. Because of this, it is obstructing the normal progress of the conference.

### Two Contrasting Desires

[Question] Why are there so many problems when it comes to drawing up the working procedure? What is behind this problem, what is hidden behind the argument?

[Answer] The procedure conceals a desire on the part of the West for the conference to be held in a reasonable way, with sufficient time to examine the proposals. The countries of the East, meanwhile, are hiding their desire for that review of the past, of the final agreement, to go on in the most rapid and watered-down way possible; that there should be hardly any examination of that concrete data where it could objectively be considered that there are violations of the Helsinki Accord, of which the invasion of Afghanistan would have to be cited as a violation of human rights. Our attitude is to demand those rights in order to criticize those aspects which appear in the final Helsinki Agreement, but at the same time to receive the criticism that they want to give us.

[Question] The unknown factors about the political utility of this conference are not clear; and they do not even anticipate a successful beginning for the conference on the 11th. Will they be able to reach an agreement on the working method before that day?

[Answer] I am convinced that there will be an agreement. It is a matter of finding out how many weeks we are going to have for one subject or another, and how we are going to divide up the progress from one stage to another: if that dividing is going to be done by a guillotine or if it is going to be done more flexibly. There is another very important problem: the preliminary conference includes a very clear mandate for the final conference; it says that the conference must conclude with a final document, and in that final document the date and place of the next conference must be recorded in any case.

[Question] How has the election of Reagan already influenced the conference?

[Answer] Reagan's election has cleared up an unknown factor. I am convinced that the Reagan administration will not introduce major changes, not even in the American delegation present at the conference.

[Question] Has the possible entry of Spain into NATO been a factor in the negotiations at any time?

[Answer] Absolutely. The positions are very clear, and again I repeat, the final Helsinki Agreement upholds the right of participating countries to be members of an alliance or to be neutral.

[Question] How does Spain benefit from the conference?

[Answer] On the one hand we are taking part in a multilateral process which is objectively important for European security. Secondly, beginning with this conference we are supported in a system of deep and satisfactory coordination with the western countries, which will also result in time in a fully western Spain, integrated into various western structures such as the Common Market, such as NATO. Third, in certain specific aspects, we will put forward some alternatives which interest us nationally, such as terrorism, emigration, the Mediterranean Sea, information, etc. Although the conference does not affect our foreign policy directly, we are still interested in the process of detente, a real detente, which would be indivisible, which would satisfy all countries.

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## MATERIEL PRESTOCKAGE IN NORWAY BRINGS THREAT TO NORTH

Stockholm DAGENS NYHETER in Swedish 14 Nov 80 p 4

[Article by Maj Wechseltmann: "If War Comes to Norway, Ostersond Will Be in a Bad Position"]

[Text] "The factors which have protected us from a direct military confrontation between the great powers for the past 20 years do not exist any longer," says Johan Galtung in a new Norwegian book on the armaments race, *Forhandlingslagring i Norge? [Prestockage in Norway?]* (PAX Forlag, publisher). It deals with the storage of American weapons in advance in Norway and the significance of those weapons in overall strategy. The distance from the new storage depots in Trondelagen to our own Ostersond is a scant 15 miles. Willy-nilly, Sweden will be involved in the action having to do with the new bases.

Galtung wants to get us away from the fatalism and fear which have characterized the military debate in the North: "Fear of a coming war," as he says, "and a feeling of fatalism, since such a war is considered to be unavoidable." I will come back to his proposals.

The information Galtung and his coauthors want to supply is frightening. It is not without reason that the book has become a sensation in Norway. A number of research workers at the Norwegian institute for peace research, the PRIO [Peace Research Institute of Oslo], are working on it, and among them are the former major Anders Hellebust and the head of the information department of Norway's Directorate for Civil Defense, Rolf Thue.

The authors feel that the Norwegian people have been misled in regard to the significance of the new weapon storage depots. They indicate that "a historical tradition" exists where deceiving the Norwegian people and involving them in the nuclear strategy of the superpowers without providing them with information are concerned. In the 1950's, the Norwegian airfields were improved so that they would be able to receive the first large American nuclear bombers, the B-47's. Later on, that country got the big radio-monitoring stations in its northern section as a link in the American antisubmarine strategy in the Atlantic Ocean. It was from the Norwegian Bodo base that the U-2 aircraft took off to carry on espionage several thousand kilometers inside Russian territory.



Anyhow, the authors feel that the new depots have an even more momentous and dangerous significance where Norwegian security policy is concerned. The depots are intended to provide a brigade of American marines with easily-accessible weapons, is the official explanation. That is a subterfuge and a bluff, the authors think: what actually is happening and already has happened is that the Americans built the depots to be filled with fuel, spare parts and ammunition for no less than between 350 and 400 American military aircraft.

Most of the aircraft for which depots have already been built have a radius of action of between 2,000 and 3,500 kilometers--undeniably an extremely long range for defending Norway--and actually have the capability of bombing far to the east, around Moscow.

The authors believe that the aircraft are to be used for a very advanced strategy. They think that the so-called AVAC aircraft are going to function as a sort of fleet of commando stations which perform a coordinating function in carrying out that strategy. None of them seems to believe that an offensive conventional armament program is being carried out by the Soviets--on the Kola Peninsula, for example--which could give grounds for the American escalation. (On this point, they are supported by our domestic expert in this area, the only female member of the military academy, Katarina Brodin, among others).

Former Major Anders Hellebust (now a teacher in the Norwegian institute for advanced studies in journalism) and research worker Malven Lumsden, too, believe that the new depots must be seen in connection with the United States' new military doctrines: Norway is to be made the "unsinkable carrier" to 1) maintain a barrier against Soviet submarines in the North Atlantic, 2) prevent the Soviet Northern Fleet from forcing its way out into the Atlantic and 3) make Norway an intermediate landing base for aircraft with nuclear bombs on the way to the Kola Peninsula or Leningrad and Moscow.

On this, Galtung writes as follows: "The Americans are interested in trying to tie in the Europeans therefore the problem consists not only of the need to have a reliable defense but also of the need to have reliable bombing targets, so that the war can be shifted over to European territory."

Now, what are the worst possible consequences of the new doctrines? In statements by former Secretary of State Harold Brown and American admirals at this year's congressional inquiry into the defense program, the question of "a second front" recurs. Government sources also have stated that "the United States must reserve the right to be able to open a second front on either the southern or the northern flank of NATO in case of a war between the superpowers in the Persian Gulf, for example."

"Is it probable or improbable that Scandinavia would be drawn into a duel between the superpowers which started in the Persian Gulf, for example?" Rolf Thue was asked.

"Probable," he thought. He also thinks that that war is going to be a nuclear war. He referred again to Harold Brown, who was asked what the nature of a flexible nuclear strategy for Europe would be at that moment. That moment was as recent as 17 August 1980.



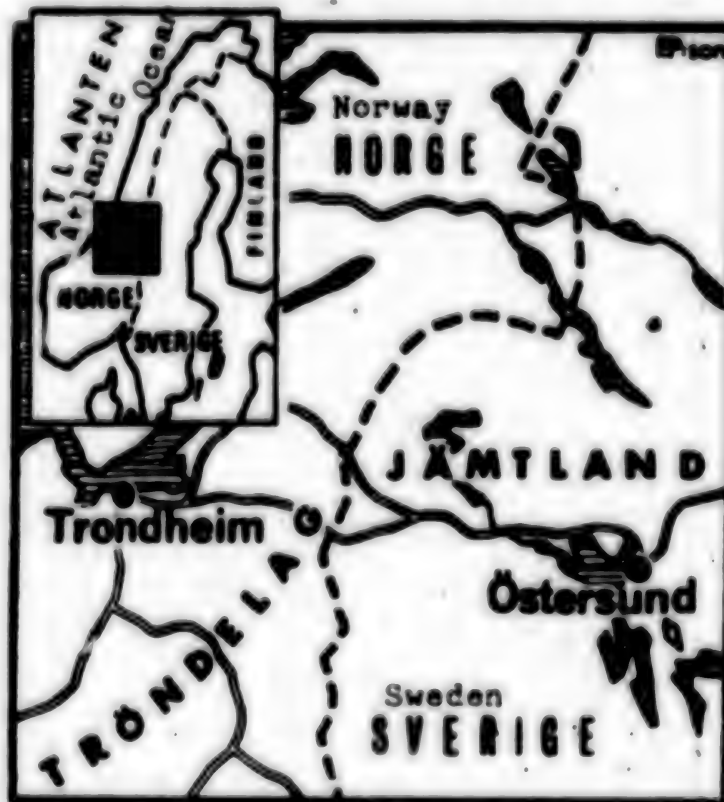
He replied that the United States would have to carry out deterrence against small-scale nuclear attacks upon the United States, American forces in Europe and America's allies. He said that tactical nuclear weapons could only come into use if a massive Soviet conventional attack was carried out against Western Europe.

There is scarcely any doubt at all that the new Norwegian weapons depots are causing the Soviet Union to assign first priority to Norway as a bombing target in any future war. That sort of assignment of priorities will in all likelihood also be our lot if a war takes place.

What can and must be done in the present situation? Johan Galtung proposes that a northern zone free of nuclear weapons be set up. It should include not only Scandinavia but also England and the Netherlands. In view of the political concern in the small NATO countries in regard to nuclear armament, Galtung's proposal is very realistic.

In the final document from the United Nations special session on disarmament last year, areas free of nuclear weapons was one highly-recommended disarmament proposal, too!

What possibilities exist today for extending contacts on what has been a traditional Scandinavian peace policy for a long time (compare Kekkonens and Osten Undens proposals)? Personally, I am convinced that a desire exists to take action on the proposal to create areas free of nuclear weapons, not just on a rather high political level but among all the people in this country. Who will take the initiative?



The distance from the United States' new weapons depots in Trondelagen in Norway to Östersund in Jämtland, for example, is a scant 15 miles. These bombing targets for Soviet missiles are menacingly close to Sweden.

## COMING INVESTMENTS IN NATION'S OIL REFINERIES VIEWED

Rome RASSEGNA PETROLIFERA in Italian 3 Oct 80 pp 841-842

[Text] The refineries in the hexagon, as the French like to refer to their country, which in fact does vaguely resemble a hexagon, will have to invest up to 15 billion 1980 francs between 1980 and 1990, that is to say 3,000 billion lire to adapt refining capacity to meet supply and demand requirements. Eleven billion francs have yet to be allocated, while 3.5 billion francs for planning are being or already have been set aside. The level of such investments does not place much relevance on the rapidity of oil supply slippage, decreasing only by 10 percent, or by 1.5 billion francs, if 1990 consumption estimates are of 80 million tons versus 70 million tons. (These high and low estimates are targets of the energy restructure process set by the government.) Furthermore, refining investments must be 80 percent complete before 1985.

The above are the conclusions reached by the Commission for Energy and Raw Materials under the aegis of the Eighth Plan. Published in this format last summer, they merit further attention. First of all, the above-mentioned evaluation refers solely to refining and evidently does not take into consideration those investments linked to other forms of energy exclusive of oil, be it at the retailer level or at the wholesale level.

## Preview of Tentative Estimates

The plan's experts do not exclude further honing of the above estimates: "They are tentative estimates, nothing more." This is true for various reasons, the most important of which is the acceptance at face value of hypotheses the experts themselves at times view as arbitrary and open to conjecture. However, hypotheses are indispensable and in any case do permit the acquisition of useful data. At most, one can argue that the reports did not examine maintenance procedures used by a certain number of small refineries.

The refinery statistical model used in the study was based on a single, large refining plant, thus allowing only a limited approach in examining the given problem. Its use has undoubtedly called for minimizing the level of investments, a conclusion also shared by the plan's experts, despite precautions taken to the contrary.

Being very theoretical, the calculations were based on hypotheses which, for the time being, are not in agreement with one another. Such hypotheses are influenced by given consumption rates, obviously in consonance with the government's goals and

with certain supply schemes. Prior to examining the quantitative characteristics of hypotheses of French refinery reorganization, three main avenues of approach, namely 1, 1 bis and 2 used by the plan's experts should be mentioned: 1) this case involves use of oil for energy purposes in the order of 70 million tons in 1990, or, in general terms, the most conservative objective announced by the public office. 1 bis) this case differs from the first by calling for less gasoline consumption and an increased demand for diesel fuel. The objective is to test future refining investment sensitivity to a rapid introduction of diesel engines in the automobile field. 2) this case involves the hypothesis of gas consumption for energy purposes in the order of 80 million tons in 1990.

The plan's experts agree that scenarios used for case 1, while favorable to gasoline, definitely are not favorable to heavy combustible oil and oil for domestic use. In their opinion, a drastic reduction such as that envisioned for heavy oil will only be possible if "the alternate forms of energy will actually be capable of replacing it" thanks to a satisfactory supply and a much more vigorous stimulation policy. It is for this reason that the scenario in case 2 appears much more realistic than the first, at least as far as heavy combustible oil is concerned. The experts also state clearly that an 80 million ton consumption figure by 1990 is much more realistic than the 70 million tons envisioned in the government's conservative hypothesis.

In order to simplify matters, in addition to the consumption scenarios, three hypotheses dealing with petroleum supply are to be examined:

a) Average imported petroleum is a little heavier than that on hand (crude oil pool will be 32 degrees API compared to 33.5 degrees API) which is in consonance with the world tendency toward heavier reserves. This development is offset by the importation of 2 million tons of GPL, of light condensed fuel, the former and the latter both being derived from the recovery of liquid and heavy particles from natural gas.

b) Petroleum imports have decreased by 5 percent. Taking their place are other products which are then in turn added to 4 million tons of GPL and condensed substances. This is so if one makes allowances for an insufficient refining capability for secondary conversion and an international market devoid of stress periods.

c) The third hypothesis differs from the initial one in the form of a significant increase in weight of the imported barrel, on one hand, due to the weight of extra-heavy crude (Venezuelan Boscan), 10 million tons worth, and on the other hand by the purchase of 5 million tons of heavy combustible oil from OPEC, assuming this is a "one-time only" access to crude oil. This plan evidently was influenced by talks held with Venezuela in order to obtain extra-heavy crude and by a given slant exhibited by some OPEC countries around the beginning of the year, but which today appears to be dispelled because of the worldwide petroleum market turnaround.

It should be noted that the plan's experts, adopting the different supply models relating to their calculations, did not at all attempt to envision what 1990 will really be like, but have taken into account only the present economic situation.

If the case can be viewed as a reasonable hypothesis, the two variables are a test of value sensitivity of French refining capacity which is facing unfavorable situations. This is true even if one day there were to be the importing of extra-heavy crude.

After having input the various consumption and supply parameters in the equation, the plan's experts came up with positive results, which are given in the tables below.

The figures show that in all cases, it is possible to meet a demand that faces a relatively moderate increase (from 50 to 100 percent, depending on the case) of present conversion capacity, aided by plants whose construction is already underway and which shall begin production before end-1982. Only a supply of "very heavy" would call for the adoption of the costly hydrocracking method.

#### Figures Lower Than Foreseen

With regard to the volume of required investment, the figure of 15 billion francs mentioned at the beginning, which was only a rough estimate, taking into account a considerable margin of error, is noticeably lower than a previous estimate, arrived at by government sources. These sources, in fact, quantified the government's energy objectives and conversion plant investment needs at around 20-23 1978 billion francs from the present to 1990.

The resulting figures still evidence a great "sensitivity" of the investments with respect to the "gravity" of the supply situation: the "heavy" variation calls for a doubling of investments necessary to build more sophisticated plants. On the other hand, case number 2, which is less "severe," does not result in the reduction of investments as initially envisioned.

The plan's experts believe that the financing of investments needed for the development of French refining should pose no particular problems. The condition remains, however, that the behaviour and price levels allow a sufficient margin of financial self-sustainment to remain on the par with refining capacity. Furthermore, in French circles, investments directly linked with new units are not included with the maintenance of existing transformation plants, which turns out to be a sum calculated at about 1 billion francs per year, an amount equal to that which is needed in order to construct new plants taking the period from the present day to 1990.

In conclusion, it also remains to be seen if other forms of energy can rapidly take the place of petroleum products.

[Table 1. on following page]



Table 1. Needed Refining Capacity in France  
(million tons per year)

CAPACITA' DI RAFFINAZIONE NECESSARIA IN FRANCIA  
(milioni di t/anno)

(1) Scenario di consumo	(3) Situaz.		1)		1 bis)	2)
(2) Approvvigionamento	1980 (*)	a)	b)	c)	a)	a)
(5) Distillazione atmosferica	—	(4) Eccedentaria	(4) Eccedentaria			
(6) Reforming	—					
(7) Distillazione sotto vuoto	32,4	44,5	42,1	51,8	44,5	45,2
(8) Desasfaltazione	0,5	9,1	8,4	—	9,3	7,1
(9) Idrodesolforazione del resi duo desasfaltato	0	5,5	5,1	12,2	5,7	3,8
(10) Cracking catalitico	15,0	23,8	22,4	27,2	22,9	23,5
(11) Visbreaking	6,6	11,0	10,5	9,6	10,7	12,9
(12) Cracking all'idrogeno	0,7	1,0	1,0	5,5	1,9	0,0
(13) Coking	—	—	—	—	—	—
(14) Cracking catalitico equiva lente	19,1	30,5	28,9	38,6	30,5	30,0
(15) Consumi e perdite	—	6,8	6,4	8,1	6,7	6,8

(\*) Comprese le capacità in costruzione.

Equivalenza « FCC » di capacità delle diverse unità: cracking catalitico = 1; hydrocracking = 1,2; coking = 0,7; visbreaking = 0,5.

Key:

- |                           |   |
|---------------------------|---|
| 1. Consumption Scenario   | 9. Hydrodesulphuring of asphaltless residue |
| 2. Supply                 | 10. Catalytic Cracking                      |
| 3. Situation              | 11. Visbreaking                             |
| 4. In excess              | 12. Hydrogen Cracking                       |
| 5. Atmospheric Distilling | 13. Coking                                  |
| 6. Reforming              | 14. Equivalent Catalytic Cracking           |
| 7. Vacuum Distilling      | 15. Consumption and Waste                   |
| 8. Asphalt Removal        |   |

(\*) Includes construction capability. "FCC" Equivalent of different unit capabilities: catalytic cracking = 1; hydrocracking = 1.2; coking = 0.7; visbreaking = 0.5

Table 2. Refinery Investments 1980-1990  
(billions of 1980 francs)

INVESTIMENTI NELLA RAFFINAZIONE: 1980-1990  
(miliardi di franchi 1980)

(1) Scenario di consumo	1)	1)	1)	1 bis)	2
(2) Scenario di approvvigionamento	a)	b)	c)	a)	b)
(3) Investimenti (*)	11,2	9,8	21,5	11,4	10,2

(\*) Escluse le attività di costruzione in corso, che ammontano ad oltre 2,5 miliardi di franchi.

Key:

1. Consumption Scenario
2. Supply Scenario
3. Investments \*

(\*) Excluding construction already underway, which totals over 2.5 billion francs.



Table 3. Oil Consumption in France

## IL CONSUMO PETROLIFERO IN FRANCIA

(1) Obiettivo 1990

	(2) Risultati 1979	(3) Caso 1)	Caso 1 bis)	Caso 2)
(4) GPL	3,1	3,0	3,0	3,0
(5) Carburanti auto	17,7	20,0	18,0	20,0
(6) Basi petrolchimiche (1)	7,0	10,0	10,0	10,0
(7) Jet fuel	2,5	4,0	4,0	4,0
(8) Gasolio	9,2	10,5	15,5	15,5
(9) Fuel domestique	30,6	10,5	10,5	15,5
(10) Olio comb. pes. industr.	17,5	3,0	3,0	9,0
(11) Olio comb. pesante centr.	11,5	4,0	4,0	4,0
(12) Bitumi	3,0	3,0	3,0	3,0
(13) Bunkeraggi	3,0	3,0	3,0	3,0
(14) Altri	3,5	3,0	3,0	3,0
(15) Totale	110,6	79,0	79,0	87,0

(1) Gpl nafta e gasolio in quantità arbitrarie (ottimizzate per il programma di raffinazione).

## Key:

- |                            |                                |
|----------------------------|--------------------------------|
| 1. 1990 Target             | 9. Domestic heating oil        |
| 2. 1979 Results            | 10. Industrial mixed heavy oil |
| 3. Case 1                  | 11. Center mixed heavy oil     |
| 4. GPL                     | 12. Bitumen                    |
| 5. Automobile gas          | 13. Bunkering                  |
| 6. Petrochemical bases (1) | 14. Others                     |
| 7. Jet fuel                | 15. Total                      |
| 8. Diesel fuel             |                                |

(1) GPL, naphta and diesel fuel in arbitrary quantities (optimized for refinery production).

Table 4. Structure of Petroleum Consumption

## STRUTTURA DEL CONSUMO PETROLIFERO

	(1) Risultati 1979	(2) Caso 1)	Caso 1 bis)	Caso 2)
(3) Prodotti leggeri	27%	43%	41%	39%
(4) Prodotti medi	43%	37%	39%	36%
(5) Prodotti pesanti	37%	20%	20%	25%

(6) Fonte: Commission de l'Energie et des Matières premières pour la préparation du VIIIème Plan.

## Key:

- |   |
|---|
| 1. 1979 Results   |
| 2. Case 1   |
| 3. Light products   |
| 4. Medium products  |
| 5. Heavy products   |
| 6. Source: Commission de l'Energie et des Matières Premières Pour La Préparation du VIIIème Plan. |

## ENERGY COLLABORATION WITH ALGERIA PUSHED AGAIN

Rome RASSEGNA PETROLIFERA in Italian 7 Nov 80 pp 961-963

[Text] The French minister of industry has made a "working visit" to Algiers at the head of a delegation consisting of representatives of the French Gas Company [GDF] and the CFP [French Petroleum Company]. Algiers apparently wishes to link revision of the gas supply contracts to renewal of France's collaboration agreement with Algeria.

The French authorities have always said that the differences in gas prices are part of a trade problem between SONATRACH [National Company for the Transport and Marketing of Hydrocarbons] and the French Gas Company. Even if this still true, it was new developments that recently took French Minister of Industry Andre Giraud to Algiers.

Paradoxically, therefore, the changes in the situation have not related to gas: in Paris no one makes a secret of the fact that the Algerian position has remained unchanged since affirmation of the principle that natural gas prices must be aligned with petroleum prices. The French Government, for its part, continues to maintain that natural gas competes with certain petroleum products and that its price to the consumer cannot be higher than the price of the liquid fuels. It does not appear, therefore, that Giraud's visit has any possibility of resolving the divergent points of view of the two parties with respect to revision of the contracts governing the supply of Algerian gas.

Moreover, the representatives of SONATRACH and the French Gas Company have met in Paris to reach a decision concerning these new contractual terms.

The most recent negotiations between the parties had made possible (to judge by the diplomatic language employed) a rapprochement between the respective points of view. Industrial circles and the trade press express the belief that a compromise will ultimately be reached, even though significant difficulties are clearly apparent with respect to the procedure for determining the new price. Still another aspect of major importance is the question of retroactivity of the future price, and this remains completely unresolved. In addition, the French would like a phased program that will plan the sequence of shipments through the medium term. This would replace the current program, which allows SONATRACH to notify the customer at the end of the month concerning shipment of cargoes of LNG [liquefied natural gas] in the following month.

Pending conclusion of the agreement with the Algerians, the French Gas Company--pursuant to the provisions of the indexing clauses of the contracts currently in effect--has doubled its payments to SONATRACH during 1980. These sums that were paid, however, represent an advance on the definitive price that will be established. According to reliable information, the French Gas Company was paying \$3.05 per million BTU [British thermal units] (approximately 93 lire per cubic meter) between 1 January 1980 and 1 July for Algerian gas and today (since 1 July) is paying \$3.20 per million BTU (approximately 103 lire per cubic meter, based on the current exchange rate of 900 lire per dollar).

These prices are applicable after liquefaction of the gas; in other words, transportation of the LNG from Skikda or Arzew to the French ports of Fos-sur-Mer or Le Havre--and also the regasification--is at the expense of the GDF. The cost of transportation and regasification is approximately \$0.5 or \$0.6 per million BTU (approximately 16-19 lire per cubic meter), with the result that the gas arrives at the point of entry to the French system with a tentative price of from \$3.7 to \$3.8 per million BTU (approximately 119-122 lire per cubic meter). For the seller--SONATRACH--the tentative price for the gas at the wellhead will be around \$2 per million BTU (approximately 64 lire per cubic meter). Subtracted from the \$3.2 paid by the GDF are the cost of liquefaction (approximately \$1--equal to 32 lire--per cubic meter); the costs of transportation between the Hassi R'Mel fields and the liquefaction installations on the Mediterranean coast; and the costs of exploiting the fields.

A recent study presented at a symposium on Arab natural gas held in Algiers last summer stated that the price established for natural gas in Europe corresponded in April 1980 to a purchase price of \$4.1 per million BTU CIF (cost, insurance and freight). Since then the parameters for traditional indexing of the price of gas have led to a price readjustment, which has in fact been translated into renegotiation of the contracts for supplying the Dutch gas; renegotiation of the contracts for the Libyan LNG; and conclusion of the agreement covering future imports of Nigerian LNG.

#### Greater Knowledge of Gas Prices

It is therefore probable that the average price CIF for natural gas imported into France (and consequently including Algerian gas) will be very close to \$4 million per million BTU.

With the passage of time, information concerning gas prices is becoming increasingly more precise than it was in the past. Heretofore, of course, trade secrecy prevented an adequate knowledge of these prices, but today this situation is changing. It is also true that the prices stated are frequently not well defined, because unlike the prices for petroleum--for which the prices paid to the producing countries represent almost the totality of the real cost of supplying the petroleum--the prices for gas must be accompanied by the data that relate to the particular stage to which the prices are applicable, inasmuch as the expenses attendant on liquefaction, transportation and regasification are an extremely important factor. Moreover, the disparity that has heretofore existed (and justifiably so) among the various contracts for international trade in gas unquestionably reflects the free choice of the various interested parties. Free choice is still in fashion, but certain data enable one to make a better evaluation of the market and the price for

gas. One can therefore obtain an idea (although not a precise one) of the nature of the compromise agreements which the negotiators for SONATRACH and the GIP--or other suppliers and potential customers in Algeria and elsewhere--can and should arrive at if they want the market for gas (LNG or other types) to evolve as they desire.

The financial modalities of the contract recently concluded by the consortium of European purchasers of Nigerian natural gas (scheduled to take effect in 1984-85) undoubtedly provide one with an understanding of the broad outlines of what will be possible. According to industrial and press sources, this agreement with the Nigerians was concluded on the basis of a 1 January 1980 price of \$4.5 per million BTU (approximately 133 lire per cubic meter, with the dollar quoted at 900 lire) for the countries of northern Europe, and \$4.25 (approximately 136.60 lire per cubic meter) for the countries of southern Europe. This base price will be linked to two parameters: indexing based 57 percent on the prices for energy in the FRG and in France (that is to say, 19 percent on the cost of importing the crude, 19 percent on the price of the gas oil, and 19 percent on the price of the fuels), and 43 percent based on the evolution of industrial costs and wages (two-thirds for the FRG and one-third for France). Twenty percent of the total price will be established at the time the liquefaction installation goes into operation. Based on this formula, the CIF price as of 1 July 1980 proved to be approximately \$5 per million BTU (more than 160 lire per cubic meter).

It is obvious that if these values are confirmed the price level will rise sharply. Other contractual prices deserve to be cited. These range from \$4.07 (approximately 131 lire per cubic meter) CIF Austria for Soviet gas supplied to Europe (according to information disclosed by sources in Vienna) to \$5.75 CIF Japan (approximately 185 lire per cubic meter) for LNG from Abu Dhabi, and include the \$4.11 (132 lire per cubic meter) for Dutch gas FOB the Netherlands border and the \$4.47 (approximately 143.6 lire per cubic meter) paid by the Americans for gas (FOB the respective border) from Canada and from Mexico.

#### Algerian 'Ambitions'

Returning to the question of Saharan gas, it should be noted that the Algerian development plan calls for an investment of \$20 billion in each of the next 5 years (approximately 18 trillion lire per year). Moreover, the recent disaster at El Asnam entails new and massive requirements for capital for reconstruction.

Receipts from the sale of Algerian hydrocarbons are expected to approach \$12 billion in 1980, compared to approximately \$10 billion in 1979 and \$5 billion in 1978. Mainly because of the program for LNG development, however, Algiers has recorded a foreign debt of almost \$19 billion, while the profits derived from the gas do not yet compensate for the investments made by the Algerians--investments which have, moreover, elicited strong criticism of the new leaders of the country, in contrast to their predecessors. SONATRACH, for example, is criticised for having agreed to excessively low prices for the gas it exports and for having excessively high production goals.

Lastly, the government is in the position of having to find, and spend, a constantly increasing volume of capital in order to cope with the very high rate of population



growth (3.2 percent per year). This explains why--in the hydrocarbons sector--Algeria plans to make the maximum effort to obtain the best possible return from its exports.

#### Presence of the CFP

The presence--at the side of the minister of industry--of top officials of the French Petroleum Company [CFP] confirms that the new topic of discussion--together with gas--is petroleum. The CFP has refused to reveal the expiration date of its collaboration agreement with SONATRACH, but it is known that this date is next 31 December. So long as France is faced with the problem of replacing the one-fourth of its petroleum supplies that formerly came from Iraq, and so long as the petroleum market shows signs of tension, the temptation for Algeria must be very great to link revision of the LNG supply contracts to revision of the 10-year petroleum agreement with the CFP. In 1979 the CFP had taken out 11.45 million tons of Algerian crude and expected to take out 10.5 million tons in 1980. It should be pointed out in this respect that only one-third of this crude goes to the French market. Renewal of the agreement is very important to the CFP, but negotiations appear to have reached a deadlock following the Algerian request for payment of a premium of \$3 per barrel over the official price of \$37 per barrel.

France, to be sure, is in a highly vulnerable position vis-a-vis the request to link the two dossiers: the gas dossier and the oil dossier. President Giscard has obtained an additional 50,000 barrels of Abu Dhabi crude per day, for an undisclosed price. Moreover, the CFP and SNEA [expansion unknown] have signed with PETROMIN [expansion unknown]--under the terms of contracts concluded in 1979 with the assistance of the then Minister of Foreign Affairs Jobert and President [sic] Barre--a supplementary agreement which reportedly will guarantee to them "substantial" additional quantities (several million tons per year) of Saudi petroleum in addition to those they have been receiving since 1974.

Supported as it is by the behavior of the market, Algeria appears to have picked the right moment. One will not have failed to notice that relations between Algiers and Paris are exceptionally good, and that despite the differences of opinion there is a desire to reach an agreement. Giraud's visit to Algiers demonstrates the fact that in France--as in other countries--the gas and petroleum problem is dealt with at the political level. It should be noted, however, that in France--within the government and the public administration--there are jurisdictions at a very high level which have the power to negotiate at the international level and even to direct the "technicians" of the enterprises. At the working sessions held in Algiers, Giraud has apparently succeeded in getting the gas negotiations back on the rails. The two parties have agreed to meet in the near future for "a difficult discussion that will, however, take place in a favorable climate," to quote French Gas Company General Manager Delaporte. The probable explanation of this development is that an agreement has been reached based on as yet unspecified modalities for recognition of the principle of the equivalence of natural gas and petroleum. The Algerians are, in fact, intransigent on this point, and Minister of Energy Belkacem Nabil--the current chairman, by rotation, of the OPEC Conferences--has committed his own personal prestige and political reputation to the effort to resolve this problem.

On the other hand, the Algerians appear to be quite flexible and receptive with respect to the modalities of implementation. They recognize the need for a phased

evolution of prices in order to keep abreast of the market. They have, for example, renounced their proposal to index their gas to Saharan Blend oil--the price for which (\$37 per barrel) is particularly high in consequence of the quality of the oil--and are willing to divide the costs of transportation, insurance (and perhaps regasification) between the parties.

Conclusion of the new agreements between the CFP and SONATRACH, however, appears to be no easy task. Under the terms of the 1971 agreements (which were renewed in 1975) the company holds concessions that yield it approximately 12 million tons per year of Algerian crude, only a part (3 million tons) of which--as we have stated--is sold on the French market. The remainder is sold on foreign markets, and in particular to American companies. Algeria is in this way playing a not inconsiderable role in supplying France with oil and is enabling the CFP to improve its situation on the international petroleum market. The French side, for its part, is hoping for maintenance of the privileged status of the crude it receives, but the authorities in Algiers--who are aiming at conservation of their reserves--are increasingly more anxious than in the past to exercise tight control over the exploitation and development of these deposits. The discussions, however, have been facilitated by the exemplary, discreet and serious collaboration that has taken place to date between the two companies. The CFP is prepared to participate extensively in mining exploration in new areas and to sign new contracts to that effect. ELF-Aquitaine [Gasoline and Lubricants Company of France-Aquitaine] has, moreover, already done so: it has resumed exploration in Algeria after many years of absence from that country, where its direct predecessor--the Petroleum Exploration Office--had basically been responsible for the discovery, and initial development, of Algeria's great hydrocarbons resources. It would therefore seem that on this point as well, a good foundation has been laid for an agreement which will renew the one concluded a decade before.

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CSO: 3104

## ENERGY PROGRAM STRESSES COAL MINING INDUSTRY

## Increase in Coal Production

Madrid YA in Spanish 25 Nov 80 p 34

[Text] As of 31 October of this year, 1.040 billion pesetas had been invested by the National Energy Plan in the coal mining industry. This figure is broken down as follows: 847.8 million pesetas for geological and mining research and 197 million for technological research programs. In mining there are now 30 geological and mining research projects being conducted, while there are seven technological research programs taking place, with the assistance of firms such as Encasur, the mining firms of Guardo, Hunosa, Lignitos, S.A., Hullasa, Minas y Ferrocarril de Utrillas, as well as some others.

The geological and mining research programs are taking place in the following provinces, according to a report issued by Minerpress: Oviedo (five), Leon (three), Palencia (one), Terual (five), Barcelona-Huesca-Lerida (three), Badajoz (one), Cordoba (two), Granada (two), Mallorca (four), and Galicia (one), with three additional projects in the rest of the country. The technological research programs are being conducted in Oviedo (one), Teruel (two), and the rest of the nation (two).

This report also points out the lack of planning in the Spanish coal mining industry concerning technological restructuring. This, along with the fact that the national industry can not absorb the PEN [National Energy Plan] programs, according to a report on coal presented by staff specialists of the PSOE [Spanish Workers Socialist Party], the Bank of Bilbao, and the Central Bank, is one of the main obstacles that Spain will have to overcome to emerge from its present mining crisis. Furthermore, according to Carbunion, Spain's coal production during the first 6 months of this year amounted to 13,461,000 tons, with a sales value of 35 billion pesetas. Imports during this period came to somewhat more than 1.5 million tons.

All the figures show the decisive importance of coal as a source of energy for the next 100 years. The world coal reserves have an expected duration of 200 to 300 years. The countries now producing the most are those which at this time have the largest known reserves. The United States accounts for a fourth of the world's total production, and it holds a similar quantity of reserves. The EEC, with 15 percent of the world's reserves, has given priority to increasing its coal exploration. The USSR and China have reserves of about 17 and 15 percent, while Japan will remain highly dependent on foreign suppliers.

Spain has some reserves which were recently evaluated at 4 billion tons, so it can become involved in the coal industry.

The completion of the PEN program will improve the capability of the national industry to import. While imports now come to 5 million tons, this figure may be tripled in forthcoming years. These imports will require, in turn, new investments in transportation and other types of infrastructure. This will cause a fairly heavy outflow of currency, which may be further increased if, as may be expected, the price of coal rises in response to demand.

#### Answer to Energy Crisis

Madrid EL PAIS in Spanish 4 Dec 80 p 50

[Text] "The development of our huge coal reserves is the only optimistic sign we have in resolving the present energy crisis," said Jose Manuel Fernandez Felgueroso, chairman of the Hulleras del Norte National Firm, during the meetings which have been held on energy since last Tuesday in the Official Chamber of Commerce, Industry, and Navigation of Barcelona.

Fernandez Felgueroso said that coal now accounts for 16.5 percent of Spain's energy consumption and 22.3 percent of energy consumption in the European Community but that, according to all forecasts, by the year 2000 dependency on coal to offset petroleum shortages will have tripled.

He also mentioned that it is estimated that the world's coal reserves may be sufficient for 500 years, and that future dependence on this energy source will not have the disadvantages associated with the present OPEC oligopoly.

The countries which now have large coal reserves are the USSR, the United States, and China, but because of the high costs of mining these deposits, the main suppliers will be Australia, South Africa, and possibly Colombia.

The coal market, said Fernandez Felgueroso, will stimulate port operations and the lagging freight market.



## OIL CONSUMPTION STUDIED AT CONFERENCE

Istanbul MILLIYET in Turkish 16 Nov 80 p 7

[Text] At a meeting on "Oil Production in Turkey" arranged by the Economic and Social Studies Conference Delegation at the Sheraton Hotel yesterday, Energy and Natural Resources Minister Serbulent Bingol said, "Turkey's energy problem stems from delaying completion of the Afsin-Elbistan electric power plant project."

Attending the "Oil Production in Turkey" meeting were Bingol, Industry and Technology Minister Sahap Kocatopcu, former Maritime Bank Director General Nezih Neyzi, Nejat Eczacibasi and former finance and energy ministers and officials. Minister Bingol, who spoke at the meeting, said in summary: "Turkey's oil requirement will reach 30 million tons in 1985. And this is a disquieting situation for the future. If the Afsin-Elbistan project had been completed on time, our energy problem would have been taken care of. If the efforts in this area go on, coal reserves may reach 6 billion tons, which is encouraging for the future."

Also speaking at the meeting, former Maritime Bank Director General Nezih Neyzi said, "Oil production in Turkey has been declining since 1970, dropping from 3.5 million tons to 2.5 million tons because of our failure to keep in step with OPEC price increases."

Nezih Neyzi continued: "Oil exploration and the accompanying industrial studies needed for production must be accomplished and new opportunities must be shown. On the other hand, only 20 million tons of crude oil will be obtainable in 1999, even if the programs for a 10-percent increase per year in local production are implemented. This inadequate production shows that it is necessary that we find more new oil reserves."

Another speaker at the meeting, Dr Nejat Eczacibasi, said, "The important thing is to find a solution to the energy problem as soon as possible. One remedy would be to activate non-petroleum energy resources. As for increasing our oil production, we must get away from fuzzy ideas and trends as soon as possible and take scientific, realistic approaches."

Fikret Gurel, a retired deputy director general of the Shell Company in Turkey, said: "The world is getting ready for a second coal age. Turkey must make the necessary investment in this regard, both raising domestic production and turning to exportation. Moreover, we are rich in forests, and should begin immediately to use the latest technology to obtain 600,000 kilogram calories per year of smokeless, nonsulfurous fuel. Moreover, we must give the go-ahead as soon as possible on the nuclear energy program."

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## SWEDEN'S KOCKUMS YARD SELLS SUBMARINES TO NORWAY, DENMARK

Stockholm DAGENS NYHETER in Swedish 28 Nov 80

[Report by Mats Hallgren]

[Text] Sweden's Scandinavian neighbors Denmark and Norway may be future markets for Swedish submarines from the problem-plagued Kockums yard in Malmö. Kockums is conducting separate discussions with Denmark and Norway concerning orders and co-operation on the submarine side.

"We are talking with the Danish navy about a possible order for a number of submarines of our A 17 type, which has been ordered by the Swedish navy," says Roger Sprimont of Kockums to DAGENS NYHETER.

"With Norway we are still only feeling out the ground to try to bring about an industrial cooperation in the field," Sprimont adds.

Both Norway and Denmark are on the point of renewing their submarine fleets. In Denmark a smaller number are involved--perhaps 3 or 4 boats. In Norway the need is definitely greater, 10 or 12 boats.

Norway's demands on the size and performance of the submarine correspond approximately to Kockums's A 17 type. But for the A 17 to satisfy Norway completely, a number of modifications would have to be carried out.

"The feelers we have put out to Norway so far are aimed at a joint venture to develop this modified A 17 type, which would then be built both at Kockums and at Norwegian yards," says Sprimont.

Kockums already has experience in dividing up the production of submarines. Together with the state Karlskrona yard it has built several submarines of the *Näcken* type for the Swedish navy.

## Political Question

One hitch in the plans, however, is that in the past the Norwegian navy has had submarine cooperation with the FRG. That cooperation has been more or less put on ice, but the Norwegian navy has already invested both time and money in that project.

"It is thus a political question both in Norway and in Sweden whether there will be any concrete industrial submarine cooperation," says Roger Sprimont.

Discussions are being carried on between the Swedish and Norwegian ministries of industry, but so far they have not yielded any concrete results.

"On the Swedish side, however, we think that a valuable cooperative project can be worked out here that will benefit both sides," DAGENS NYHETER is told by Sten Nicklasson, ministerial counselor with the Ministry of Industry.

What these deals with Denmark and Norway can give Kockums in revenues is impossible to say today. Any profits will have to be divided up among Swedish, Norwegian, and Danish manufacturers. But the combined value of the project can be estimated at over 3 billion kronor.

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## JOINT TANK CONSTRUCTION VENTURE TO BE 50-50 OPERATION

Paris LE MONDE in French 14 Nov 80 p 4

[Article by Jacques Isnard]

[Text] Joel Le Theule, minister of defense, endeavored recently to reassure the State Civilian Personnel Syndicates, who are worried about the conditions under which discussions have begun between France and the Federal German Republic, on the project of building jointly a new battle tank. He stated positively to them that this cooperation would be carried out on a 50-50 basis in order to guarantee equality between the two partners and assure the military, technological, industrial independence of each of the signatories of the agreement-in-principle concluded in February, 1980. The tank project, if it sees daylight, is intended to replace, after 1990, the AMX-30 and Leopard armored vehicles currently in service in the two armies. A production series comprising at a minimum between 4,000 and 8,000 tanks, including export markets, may be expected.

It was in Paris, last 6 November, before the representatives of the Defense Civilian Personnel Syndicates, that the minister, during his briefing on the military equipment budget for 1981 and the work load of defense establishments, commented at great length on the Franco-German tank project and the discussions underway.

On several occasions, these past few weeks, the State Arsenals Civilian Personnel Syndicates, concerned industrialists, and deputies of the opposition who are members of the Defense Committee of the National Assembly, such as Charles Hernu, Socialist deputy from Rhone, have voiced their fears that the French Government may, in one form or another, consent to relinquish sovereignty to its West German partner. The project under discussion concerns the definition of a tank of 50-60 tons, armed with a 120 millimeter gun and featuring many improvements, such as night firing, for example.

The eve of Le Theule's briefing, the general delegate to armaments, Jean Martre, had explained, on 5 November, to the deputies who were members of the Defense Committee, that the need to carry a large munitions capacity entailed the conception of a heavy tonnage tank--the AMX-30 armored vehicle weighs 36 tons in battle array--and a propulsion power twice that of the current motorization. Martre indicated, in addition, that the new tank was to have a lower profile, an automatic turret pointing, but that the French Army had not considered obligatory the possibility of firing while moving.



An agreement, signed on 5 February 1980 by Yvon Bourges, at that time French minister of defense, and Hans Apel, his West German opposite number, laid down the main lines of the State and industrial organization of the program. A steering committee will be established in Paris and a program office will function in Hamburg to coordinate the activities of the prime industrial contractors. For France, this responsibility will be the "Groupement industriel des armements terrestres" (GIAT) of the general delegation to armaments, and it is planned to install a production line in Roanne. The steering committee and the program office will be staffed, 50-50, by French and German personnel.

"The development of the new tank," the minister of defense specified, "will be carried out jointly, while relying chiefly on French and West German technology. The division of work between the two countries will be decided on on the basis of a quantitative and qualitative balance, in particular the main components will be developed by binomials bringing together an industrialist from each country. The pooling of know-how will be covered by agreements guaranteeing the rights and interests of both parties and preserving their technological independence. Each country will have a production line on its own territory, just as if the material had been developed at a purely national level. Each country will be authorized to export according to arrangements analogous to those which govern the different programs under cooperation."

#### The Choice of a Motor

Le Theule concluded: "France is presently fully qualified to undertake the development of this tank and thus presents itself as a major partner for cooperation on this program. It holds the necessary cards to win full acceptance of its views and to preserve, in any event, its national independence."

The great fear of industrialists is, precisely, that France, in order to obtain other quid pro quo in exchange, may resign itself to defending only very feely its chances with respect to the motor, the transmissions, and the cooling of the diesel propulsion chosen for this tank. Over against the propositions of the West German manufacturer, MTV, there exists, in fact, a French project of a 1,500 CV diesel motorization, using hyperbarization (which is a supercharging which quintuples the number of CVs per cylinder), conceived by the Societe chirurgienne de constructions mecaniques (SSCM).

Without making a hasty judgment as to the outcome of the negotiations underway, Martre indicated to the deputies that the discussions were not yet dealing with the choice of a motor but that France was hanging in with the project of a diesel sufficiently powerful and less cumbersome (by 20 to 30 percent) than the MTV motor.

In actual fact, military conversations between Paris and Bonn go far beyond the single subject of a tank to be jointly produced. Various other projects exist, like that of a night operation anti-tank helicopter or that of a tactical aircraft for the nineties which the United Kingdom is also interested in. Having been asked by the United States to increase its share of financing the costs of stationing American troops in Europe, Federal Germany must lower its ambitions in defense matters and solicitate from France concessions or sacrifices on their joint armament projects.

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## FINANCE MINISTER EYSKENS INTERVIEWED ON FISCAL PROGRAM

Brussels LE SOIR in French 28 Nov 80 p 7

[Interview with Finance Minister Mark Eyskens by Bauwens, Damman, Depas, Effinier, Toussaint, Vandendreissche, van Hoorebeke]

[Text] Mark Eyskens need not worry: he has already made his name a household word. It would be an understatement to say that this man, with his virtues and faults, his irritating aspects, his unbelievable competence and his intellectual virtuosity, is more and more imposing himself in the Flemish and Belgian political world as a personality with whom one will have to--and already has to--reckon.

With him, in any case, an interview rapidly goes off in all directions. Every argument that he develops becomes a springboard for an incidental clause, a multiple-stage digression, a bold generalization. But as soon as one catches one's breath, one realizes that the discourse does have at least the appearance of coherence, that the pieces of reasoning fit together as if by enchantment, and that even the sophisms are troubling to the questioner.

Not to mention the meaning of the formulation, so delicately molded, and even at the roughest points sparkling forth with clarity of a logical proof.

In short, this man who takes responsibility for his own cynicism, his relativism, but also his sentimentality, is a remarkable "professional" who juggles boldly with possibilities and necessities, with the squaring of vicious circles, with the moon and green cheese.

Remarkable and formidable? Evidently, you can't have one without the other.

[Question] The government has just decided to block wages going beyond the index. What will be the effects of this decision on businesses, for the state, and on the cost of operating the public services?

[Answer] It is much more than blocking wages. It is blocking revenue. Holding down incomes is going to diminish tax revenue and thus, at first, aggravate the deficit. But we are taking a calculated risk. I am not fond of a policy of holding down revenue because of its delicate character. But what are the alternatives?

Certainly, one can try to reduce production costs of enterprises by relying on quasi-tax measures, that is to say by going through a restructuring of the social security system such that the entire system would no longer be recognizable. Or again one could let things alone and bank on a recovery of consumption. But the consequence would be an additional increase in our imports and an export of our savings. So we risk becoming dependent on the great foreign banks such as Morgan Trust or the Chase Manhattan. In short, the alternatives to me seem impractical. Thus one must go through the purgatory of an income policy.

[Question] In numbers, the holding down of incomes is going to be how costly to the public finances, in terms of loss of revenue?

[Answer] Let us understand each other clearly, I said that it was a calculated risk. We took tough measures in 1976, too. The budgetary result, extrapolated to 1980, could be expressed by a loss of fiscal revenue of 6 to 7 billions [of Belgian francs] on the one hand, but by a resurgence on the other, because of the increased economic activity. As a net result, it should cost the state something like 3 billion.

[Question] But concretely, what does this tempering mean for our compatriots? Must they all undergo a diminution in their means of existence?

[Answer] No, this is not a policy of diminishing incomes. So it is not a question of lowering the standard of living, but of the status quo.

In general, we must rein in consumption by putting the emphasis on production.

[Question] How can a real holding down of /ALI/ [printed in boldface] income be achieved? For the wage-earners and agents of the public services it is easy, but how about the other sectors? Liberal professions, tradespeople, artisans? Is there some really effective measure that you are planning to put in place?

[Answer] It can be shown that the burdens will be equitably distributed. For the liberal professions (notaries, advocates, doctors, etc.) we are going to publish official tariffs and schedules of professional service fees which can be enforced in the courts. The client will have the right to refuse to pay anything beyond the fixed price.

[Question] Do you imagine that many clients are going to go after their lawyer in the courts?

[Answer] No, but one can count on competition. This is an important element. Also, one should not forget that the members of the liberal professions with the highest incomes, benefit from neither the fiscal splitting [decumul?] of a spouse's income nor from the fiscal fractioning of single incomes ("splitting"). The self-employed must also deal with a significant increase in their tax assessments: 20

percent, in fact. And big pensions will be subjected to a diminution of 25 to 30 percent with retroactive effect. The system of contractual abatements for substitute incomes—unemployment benefits, sick pay, pensions—is going to be modified. Right now tax abatements on these incomes are at the 90 billion level.

[Question] Doesn't this step--taxing directly the income corresponding to an anticipated eligibility for a pension which the government quite rightly wishes to promote in order to create jobs--discourage people from taking their pensions?

[Answer] That is a possible side effect. But one must make choices.

[Question] This all holds for the liberal professions. And what about the businessmen, industrialists, and artisans?

[Answer] Price controls will be strengthened, profit margins will be limited and monitored.

#### Tax Fraud, Impost on Capital

[Question] So much for holding down incomes. What about tax fraud? This is the perennial complaint. So let us try to be lucid. Who defrauds the treasury in Belgium?

[Answer] If we knew the cheats, there would be no more fraud! There are many studies on this subject. We say that fraud can be estimated at 5 to 10 percent. Fraud has spread into all sectors. But today now that we are at the end of our rope, this is intolerable. We are not going to go out at night with torches in pursuit of people, but we are going to attack the mechanisms based on veritable fiscal banditry.

It should not be thought, however, that the administration is not making efforts. In 1979 it reviewed 600,000 dossiers concerning direct imposts (which brought in 34 billion) and 200,000 dossiers relative to TVA [value-added tax] (which brought in 9 to 10 billion).

This is an operation that must be done again every year. But, beyond that we must take a new look at the penal aspects and modernize our judicial apparatus. The objective is quick punishment for tax infractions. We in Belgium must do what has long since been done elsewhere.

[Question] There has been mention of the possibility of establishing a registry of fortunes.

[Answer] That is not in the governmental statement. But I am pragmatic. How are you going to sustain the public treasury through subscription, if you kill savings? Besides, we already have a sort of impost on capital: the inheritance taxes are high and registration fees the highest in Europe. And let's not forget, too, the cadastral equalization. In the EEC, only Denmark, Luxembourg, and the United Kingdom are ahead of us in this regard.

[Question] That is a tax on landed wealth. Movable capital is under no constraint.



[Answer] I must acknowledge this. And it is not right. Also, with successive nudgings, we must encourage the people to show themselves more "outdooray." But, could one want, for example, to establish a control over financial transactions that could ruin our externally-oriented economy?

#### The Tragic Future of our Finances

[Question] The predicament of the public finances is catastrophic. You have said this a hundred times. You have also said several days ago that revenue is 50 billion short. What will be the condition of the finances next year?

[Answer] Tragic! In addition to the 90 billion deficit that was anticipated, there will be 50 billion in loss of tax value. The inadequacy of revenue by comparison with expenditures on current account will be at least 140 billion. Not to mention supplementary expenditures that will inevitably be added. The net balance to finance through borrowing will amount to 400-450 billion Belgian francs. This is insupportable, is it not? You see the prospects: successive borrowing, higher and higher interest rates, inflation.

[Question] So what should be done?

[Answer] Up to now we have "contained" the crisis by going into debt. In fact we are "futurophagous": we are consuming our future. If this future remained edible I would quite agree. But the prospects are otherwise. Our net balance to finance represents 11 percent of the GNP. And 1 percent of the GNP represents 35 billion! Among the other European countries, the average balance to finance is from 5 to 6 percent of the GNP. So we should arrive at a comparable rate. To get there we will have to prove ourselves consistent and constant. But we must begin by resorbing the deficit immediately. There is not a minute to lose. But it is an effort over 3 or 4 years.

We must make decisions on the basis of priorities. If we refuse to choose, one is not only refusing to govern, but one is also throwing oneself into the abyss.

Up to now we have cultivated the art of compromise. It is the art of compromise, which to us has become a kind of Florentine art carried to the Nth power, that has carried us to where we are now. It has become second nature. We have acquired the habit of seeing everyone's side to some little extent. So a law which aims at cutting down public expenses ends up leading to an augmentation of expenses! We must replace this with the art of making necessary decisions. Happily, one is seeing a change of heart, which is already being translated into changes of language.

We must reinforce and stimulate our economic potential.

[Question] In other words, permit the enterprises to make more profits?

[Answer] Yes! And this for all enterprises: private, mixed, and public. But also on certain conditions: it is indispensable for the workers to have a right to be informed of the utilization of the profits of their enterprise. They have a right to be informed of the effects of the holding down of incomes. It would be

unacceptable for the fruits of this moderation not to be reinvested in a productive manner. We should start thinking right now about the terms of future contracts. I would also like to say that we have lost in Belgium the sense of relativity, perhaps because we have lost the sense of the absolute. I am not resigned, I am more and more indignant! For what is happening today is an effort at necessary adaptation. It is not colossal! It is calculated in terms of minimal percentages which are being surrounded and attacked systematically by virtual guerrillas. Now our standard of living, in real terms, has doubled in the last 15 years!

**Ambitious, Hard-Line Flemish, Etc.**

[Question] A rather wide-spread idea about you is that you are ambitious. Would you have any comment to make on this assessment which is in the air?

[Answer] What does "ambitious" mean? It first of all means doing well what one is called upon to do. And then, in politics, we're not choirboys. It is the most highly "competitive" field there is, especially when one is in the full "limelight of the state."

[Question] Do you want to follow in the footsteps of your father?

[Answer] In politics, one has no father, one has only the voters. It took me 20 years to cut the umbilical cord. There are both advantages and drawbacks in this situation. When I was a young boy, just after the war, I learned at school that according to Darwin man descended from the ape. When I repeated that to my father, he answered: "You may be, but I am not!" All that ascendancy, descendance, and so forth is more opaque than one thinks. It is true that I was brought up in a political atmosphere. And, too, the attraction of politics is that, unlike many fields, nothing is routine. A second attraction: one deals with interesting problems. Third attraction: I am perhaps becoming romantic, but I believe that there exists in politics something like a concept of the common good, in terms of solidarity of men of good will.

[Question] You are said to be combatively Flemish. Is that an important thing in you?

[Answer] I do not have any more complexes! I do not have any more problems of integration in the most extremely varied circles: francophone, Dutch-speaking, English-speaking. I did my studies in Dutch, but I have made a big effort to learn French. A Dutch-speaker who does not know French has only one leg. What has always shocked me, and this is really Belgium's problem, is the absence of reciprocity in efforts at assimilation. Good! There are many francophone ministers who are incapable of having, in the editorial offices of a Dutch-language newspaper, the conversation we are having here.

That said, given our economic situation, the temperature between the communities has gone down 20 degrees. The state has been reformed, thank God! Not completely reformed, but at last... Besides, what is the use of reforming the state if it is threatened with bankruptcy? There remains a problem in Brussels, but let's not picture things as if it were a question of a captured city put to fire and sword.

[Question] Are you arguing for the status quo in Brussels?

[Answer] I will refer to the governmental statement. The status of Brussels is to be discussed. I observe in any case that good sense is coming back after the excessive dramatization of our community problems.

#### Excesses are Self-Destructive

[Question] From where you are, is there anything you would like to say to the Belgians?

[Answer] We are still a fortunate country, despite our problems. I do not even just mean by comparison with certain developing countries and the lack of a future facing their inhabitants. We have all the same come to achieve an optimal balance between justice and freedom. At this stage, excesses become self-destructive. We must absolutely protect this real, moral, cultural capital, by keeping our problems in perspective while remaining extremely aware of our vulnerability. For there are examples all around us. There are extremely prosperous countries for whom this level, in 20 years, has declined by 40 percent. What must be said to the Belgians, is that they must make an effort at solidarity, qui porte sur quelques pour cent [translation unknown]. This is not dramatic, but we absolutely have to do it.

[Question] Must this effort at moderation go on for long?

[Answer] It might. But let us not underestimate what is being done, in a manner that is often inconspicuous. There has been a colossal effort at rationalization in certain enterprises, perhaps to the detriment of jobs for the moment, but that should make it possible to reestablish more jobs in the future. The story is not all one of failure. Let's turn the statistics around. Nearly 10 percent of the active population is jobless: that means that 90 percent of this population is working. And 95 percent of the enterprises continue to operate.

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## TURKEY NOT TO ALTER TFSC FAVORED-NATION STATUS

Nicosia BOZKURT in Turkish 13 Nov 80 p 2

[Text] The press adviser of the Turkish embassy yesterday released a statement, printed verbatim below, on changes made in the Turkish Customs Administration:

"Reports and comments have appeared lately in the local press to the effect that a change in the Turkish Customs Administration would remove the TFSC [Turkish Federated State of Cyprus]'s 'most favored' status in Turkish customs.

"The customs administration amendment which prompted the reports and comments was published in the Turkish RESMI GAZETE no 17150, dated 4 November 1980, and the full text of the subject administration is as follows:

"From the Customs and Monopolies Ministry:

"Directive pertaining to the amendment of the Turkish Customs Administration:

"Article: 1) The Turkish Federated State of Cyprus is added to the Annex:36 list of "States Based on Reciprocity Principle" which was published in RESMI GAZETE no 14451, dated 17 February 1973, pertaining to the Customs Administration published in RESMI GAZETE no 14437 Duplicate, dated 3 February 1973, as related to Customs Law no 1615.

"Article: 2) This directive will enter into effect on the date of publication.'

"The list of States Based on the Reciprocity Principle which constitutes Annex 36 to the Customs Administration referred to by this directive has to do with 'procedures to be applied to vehicles of foreigners who come to Turkey for a limited, specific period of time for work, study and education.' This list was prepared by the Turkish Foreign Ministry to reciprocate practices applied in other countries to Turkish citizens. The list has no connection whatever with the regime or related practices adopted for TFSC commercial goods at Turkish customs. In view of this, there is no question of lifting the customs facilities which Turkey has granted to the TFSC by means of this amendment, but, rather, additional resources have been created from the standpoint of TFSC citizens in Turkey."

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## ATUN DISCUSSES TURKISH AID FOR 1981

Nicosia BOZKURT in Turkish 10 Nov 80 p 1

[Text] Ankara -- By the end of 1980 the motherland government will provide the Turkish Federated State of Cyprus [TFSC] financial support totalling 735 million liras, 300 million of it as grant aid. Moreover, agreement has been reached on the provision of 1.5 billion liras in economic and financial aid needed by our state in fiscal year 1981.

Economy and Finance Minister Hakki Atun, in Ankara with Prime Minister Mustafa Cagatay for contacts with government authorities, said in an interview with MILLIYET newspaper that they had received full understanding and solidarity from Turkey and that a unity of views had been reached with Ankara on increasing commercial and economic cooperation with third nations in order that the economy might turn as soon as possible to the more productive sectors. "Meanwhile, the matter of the allocation or long-term lease of a Turkish Airlines aircraft for the Cypriot Airlines was concluded positively and a definite promise that this would be done was obtained from the esteemed prime minister and transportation authorities. Thus the Greek Cypriot efforts to sabotage our tourism will be blocked to a large extent," he said.

TFSC Finance Minister Hakki Atun replied as follows, in summary, to questions on the economic status of the TFSC and developments for the year:

"When making the budget accounts at the beginning of 1980, it was understood that we would have a budget deficit by the end of the year of 1.5 billion liras, as the result of both devaluation and the reduction of real purchasing power. Accordingly, 1.2 billion liras' addition credit was obtained from the Commercial Bank to ensure at least the payment of wages and salaries. This money is in addition to the original aid."

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CSO: 4907

## CAGATAY COMMENTS ON AID, UN, CITRUS GROWERS

Nicosia BOZKURT in Turkish 12 Nov 80 pp 1,4

[Text] Nicosia -- At a press conference held yesterday to report results of his Ankara contacts, Prime Minister Mustafa Cagatay announced that technical work had begun on cost-of-living appropriations for keeping in line with the economic conditions of the day for civil servants. In important announcements made at the press conference, Cagatay said the following:

"Before going into the details of the concrete results of our Ankara contacts, I would like to make this statement: Instructions will be given by our government for those concerned to make prompt preparations for an economic program. This program will specify once more, bearing in mind also the views of the Turkish mainland experts, the facts and socio-economic status of the TFSC [Turkish Federated State of Cyprus] in light of the situation created by our Ankara contacts. This Stabilization Program, which also will include the status of our Public Economic Enterprises [KIT's], will be the basis for urgent measures to resolve our problems.

## Special Status of TFSC

"Because of existing economic conditions, the status of the TFSC economy depends on the development and stabilization of the Turkish economy. We pointed out that we thought it necessary to look at this situation carefully and to bear in mind the special status of the TFSC economy while operations are under way to repair the Turkish economy. We were happy to see that our sensitivity in this regard met with understanding. We found the opportunity to take up our problems in detail in the meetings of the Cyprus Coordination Board chaired by Deputy Prime Minister Mr Zeyyat Baykara. These meetings were attended by five ministers of the motherland government involved with our affairs and other officials. On Saturday, we had the opportunity to hold a special meeting also with Minister of State and Deputy Prime Minister Mr Turgut Ozal and Finance Minister Mr Kaya Erdem. Our economic situation and problems were discussed at this meeting and the measures needed for economic stability were examined.

## Transfers

"While the decision was made to realize promptly through transfers of 75 million Turkish liras per month within 4 months the investments to which the Turkish government is committed for the investment and defense budgets for fiscal year 1981, measures were also taken to eliminate the liquidity shortage at the Soil Products Organization [TUK] and CYPFRUVEX [Cyprus Vegetable and Fruit Processing and Export Corporation]. Additional credit resources provided us in this regard total 433 million liras, with 250 million for the TUK and 183 million for CYPFRUVEX.

### Additional Aid

"Additional aid was also provided from the government of the motherland for fiscal year 1981. Our budget expenditures for fiscal year 1981 are estimated in our preliminary studies to be 5.75 billion Turkish liras. Of this total, 3.1 billion liras will be allocated to current expenses, 1.1 billion to investments and 550 million to defense. It was explained during our contacts that 5.6 billion liras of our projected budget will be covered by our own resources and 500 million by borrowing, and it was requested that the remaining 1.65 billion be based on aid from the government of the mother country. This request was met positively by the government of the mother country. Moreover, it was found suitable to cover our projected budgetary deficit of 500 million Turkish liras by stabilization measures to be taken by the TFSC or certain other foreign resources and, should this not be possible, there was unity of view on the deficit's again being made up by credit from the government of the mother country.

### Diversion Project

"We noted during our contacts the importance ascribed by the mainland government to the Guzelyurt diversion project. After the necessary legal arrangements have been made for realization as soon as possible of the diversion project, technical teams and financial aid will be sent promptly.

### Transportation Problems

"Our problems and hold-ups in air transportation were also among the major matters taken up. The negative effects of this situation on our tourism were seriously dwelled upon. We were met with understanding and it was decided that to alleviate our air transportation problems in 1981, one aircraft would be allocated to the TFSC and measures would be taken to provide us uninterrupted service on a schedule agreeable to us. There were certain serious problems peculiar to our TIR transport via Turkey. Our requests relating to the elimination of our problems in this regard met with great understanding. A draft protocol to regulate our TIR transport will be prepared as soon as possible and sent to the competent Turkish authorities. Following completion of the necessary efforts, this protocol will be signed and will enter into effect.

### KIT's

"We also conducted detailed efforts on the KIT's. The capital, administrative and statutory status of the KIT's will be taken up in detail in meetings to be attended by Turkish mainland experts. The authorities of the mainland government heard with interest and understanding our complaints about the KIT's. They assured us that they would provide the necessary assistance to find solutions to the KIT-related problems in keeping with the structure and needs of the TFSC.

It gives me great pleasure to announce that it was decided that the TFSC's barley and wheat requirement will be met by the mainland government and that our shortage will be covered.

### Cost of Living Allocation

"It is clear that we obtained from Ankara, from which I returned with positive impressions, new resources to fight and defeat our economic problems and that we have the support of the mainland government. I believe that we have now reached a stage better suited to the resolution of our economic problems and the rehabilitation of our community. In addition to effective measures we will take for our producing sectors, we will also try to grant to our public employees a cost-of-living allocation geared to the economic conditions of the day. Technical efforts in this regard have been started.

### Worthy of Mother Country

"In conclusion, I would like to stress one matter which I consider important:

"This time as always, the mainland government has taken a kind and concerned approach to the problems of the TFSC and the Turkish Cypriot people. We are filled with gratitude and thanks. Despite the difficult conditions in the Turkish motherland, intensive efforts were made to find solutions to our problems and sincere unselfishness was shown. We must appreciate as a community this interest, closeness and unselfishness and must be worthy of the kind support of our mother country. We must strive responsibly, bravely and unstintingly to become self-sufficient as a community. The support we have from the mother country is the clearest indicator that the mother country believes that we will succeed in this endeavor. It is our communal duty and responsibility to prevent the mother country's belief from being in vain. I believe that, if everyone does his part and shows the maturity required by the democratic principles in the climate of discussion to resolve our problems, we will always be able to stand tall beside the mother country which is helping us in the solution of our problems. The mother country expects us to be an unshakeable example of unity within the democratic principles. The condition for the solution of our communal problems is communal solidarity in a climate in which love and respect for each other is basic."

### Cyprus Problem

Prime Minister Mustafa Cagatay answered various questions of members of the press at the press conference. One reporter recalled that President Denktas had said the Cyprus problem was at a critical stage and asked his views on the present status of the Cyprus problem. The prime minister said in reply that they had given information on developments in Cyprus to the Ankara authorities.

### Waldheim's Demarche

Explaining that information had been given to the mainland authorities about how the Greek Cypriots had given the Turkish side no opportunity to reply with regard to UN Secretary General Kurt Waldheim's recent demarche, Prime Minister Cagatay said:

"But we pointed out that we still favor talks with good will and this was approved by Turkey."



## No Interparty Tension

In response to a question about the reports that six national deputies had submitted a memorandum, Prime Minister Cagatay said this had been a letter, not a memorandum and that the matter had been resolved after the necessary contacts took place. Prime Minister Cagatay said that there was no trouble within the party.

## CYPFRUVEX Situation

Prime Minister Mustafa Cagatay was asked about CYPFRUVEX losses and the recent demonstrations by citrus growers. He said it was true that CYPFRUVEX had suffered losses and that it was a duty to improve the situation of the organization, considering its place in our economy. Explaining that various decisions had been taken with regard to enabling CYPFRUVEX to work better, Prime Minister Cagatay said that it had most recently been decided that a study commission should be formed but that the commission had been unable to begin its work yet as legal arrangements were necessary. He said he believed the commission would be able to get started after 14 November after the necessary arrangements were made. He pointed out that the system used in the 1979-80 season had been devised as a system to benefit the producers and CYPFRUVEX and for this reason the need to alter the system to apply the advance system was justified. The prime minister said:

"We are in the position to explain to the producer that this system is not disadvantageous to the producers. We are trying to do this. But systems are not easily accepted. Indeed, if we get used to this system, you would certainly see a reaction if you then replaced it with another new one. I daresay it is among our principal duties to take the necessary measures as the government, bearing in mind this knowledge and these matters, to apply ourselves with care to the matter so as not to harm either the producer, CYPFRUVEX or the state and to promote, take and enforce the necessary measures. We are doing this."

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## PROBLEMS WITH CITRUS GROWERS INTENSIFY

## Citrus Growers Stage Mass Protest

Nicosia HALKIN SESI in Turkish 9 Nov 80 pp 1,7

[Article by Sevgi Mithat]

[Text] The Turkish Cypriot Citrus Fruit Producers' Union [KTNUB], the Bostanci and Guzelyurt Citrus Fruit Producers' Unions and the Famagusta Citrus Fruit Producers' Union held the second of their joint demonstrations yesterday in Famagusta.

At the rally, which began at 1100 at Namik Kemal Square, placards were carried such as "Respect for labor," "Who is running the government," "No end to thievery," "Where is the lost money" and "We are asking for our money, not charity."

Messages wishing success were read at the meeting from the Communal Liberation Party, the Democratic People's Party, the Republican Turkish Party, the Turkish Unity Party, the Potatoes and Carrot Producers Union, Tobacco Producers' Union and Turkish Cypriot Farmers' Union.

Ahmet Niyazi, speaking on behalf of the Turkish Cypriot Citrus Fruit Producers' Union, said that they would continue holding meetings until there was a solution to their problems, that they would be meeting next in Guzelyurt and after that in Nicosia.

Saying, "In Nicosia, we will hold a demonstration to end all demonstrations," Ahmet Niyazi added, "On that day, we will squeeze out grapefruit juice and fill every place from the presidential palace to the Assembly with it."

Noting that those concerned were telling the producers, "Harvest your crop; the security forces will protect you," A. Niyazi then said the following:

"Security has no business in this business. Security's job is to find thieves. If Security wants to find thieves, let them come and I will give them information so they can find thieves."

A. Niyazi stated that no producers wanted to harvest after Monday and said, "No produce will be harvested. If anyone cuts, we will risk imprisonment to smash every piece."

Speakers voicing once more the problems of the citrus producers at the meeting were Ahmet Dogrusu, member of the executive board of the Famagusta Citrus Fruit Producers' Union; Huseyin Oztoprak, speaking on behalf of the Bostanci Citrus Fruit Producers' Union; Izzet Kombos, president of the Bostanci Union; KTNUB President Ahmet Niyazi and, finally, the Famagusta union president, Bekir Ikicioglu.

In his speech, Ahmet Dogrusoz criticized Industry, Trade and Cooperatives Minister Taskent Atasayan and Agriculture, Natural Resources and Energy Minister Irsen Kucuk. He said that the government of the Turkish Federated State of Cyprus was paying a ridiculous 3 Turkish liras for grapefruit, which is selling on the European markets for 50 Turkish liras per kilogram and has a base price of 31 Turkish liras in the motherland. Dogrusoz, who spoke of Irsen Kucuk, who has stood by watching all these decisions, as the "benedalled minister," said that they would "invite the government to cooperate in order that the nation and the state not suffer further harm."

#### Basic Rate of Exchange System Should Be Eliminated

In later speeches, meanwhile, CYPFRUVEX was criticized and it was requested that the basic rate of exchange system applied to the citrus producer be eliminated. Readiness for a much greater struggle was called for if there was no solution to the problem within 2 or 3 days and "Either government or citrus" was shouted during the meeting.

#### Government to Support Citrus Harvest

Nicosia HALKIN SESI in Turkish 11 Nov 80 pp 1,2

[Text] Nicosia -- A government spokesman said in a statement on the current citrus problem that producers who wanted to pick their fruit had state backing and asked that they not be carried away by the excitement and that they evaluate the situation coolly and with common sense.

The government spokesman said the following:

"The refusal of our citrus producers to pick their fruit will not solve the problem. Quite the reverse, it will further aggravate the problem both for our producers and for our communal economy. The place where the problem should be taken up in all its details and resolved is in the citrus fruit consultation committee and the authorized state organs.

"While repeating at this stage the call for talks that we have made from the beginning to our valuable producers and citrus organizations, we stress again that a series of street protests and demonstrations of brute force offer no opportunity to find a solution to the problems. Our producers who wish to pick their fruit have state protection. The state will never allow unlawful behavior and will definitely take pains for the protection of our crops and production within the framework of the law.

"Meanwhile, we would like to apprise both our producers and the public of certain malicious rumors. The claims that the state is blocking purchase of the producers' fruit by the private sector are totally false. The state is appropriately sensitive to the configuration of our producers' relations with the private sector and to the need for no party to be mistreated.

"The government will show maximum care in the matter of our producers' getting a proper return for their crops, and the value of the crop will be given."

#### Incidents

Incidents which began the day before continued yesterday between police and those who failed to comply with the Citrus Fruit Producers' Union and tried to deliver produce and Famagusta citrus producers who tried to block them.

In yesterday's incidents, a producer, Emin Aslan, received a head injury and was taken to the hospital. He received five stitches in his head at Famagusta Hospital. The duty doctor at Famagusta Hospital said that Emin Aslan was struck in the head, receiving bruises and a gash on top of his head, and was given the appropriate treatment.

The incident began when two truckloads of lemons from Kyrenia were brought to the CYPFRUVEX packing plant at Golbasi. Incidents broke out between producers who were trying to make way for the trucks to go in [as published] and the large number of police assigned to escorting the trucks in. One of the trucks got into the packing house, while the other could not and turned back.

After the incidents, Famagusta Security received supplementary forces from the surrounding villages.

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## DISPUTE OVER OIL NATIONALIZATION MAY FORCE ELECTIONS

Stockholm SVENSKA DAGBLADET in Swedish 14 Nov 80 p 29

[Article by Richard Plate: "Dispute Over Oil May Force an Early Election in Denmark"]

[Text] Copenhagen—A storm is blowing up in regard to Danish oil. Specifically, the government wants to regain control over the continental shelf of Denmark in the North Sea and the A.P. Moller concern, which holds the concession, is saying it cannot have control.

If a break does not occur in the negotiations, this affair may overturn the Anker Jorgensen government, and a new election will then be the result.

The Danish situation is very extraordinary. When the question came up after the Law of the Sea negotiations in Geneva in 1957, no one in Denmark thought that any oil would be found in the North Sea. A.P. Moller got into the picture because he was irritated over the fact that the Germans wanted to begin searching for oil on Danish territory. The shipowner thought a stop ought to be put to that. His only experience with oil at that time was as a transporter of it.

The Danish Government in power at that time took a disdainful attitude toward the whole question. As far as it was concerned, A.P. Moller could certainly search for oil if he wanted to. In that way, A.P. Moller got exploration rights in 1963—2 years before his death—throughout all of Denmark, including the continental shelf of Denmark, and he got those rights in exchange for what can almost be described as symbolic compensation to the government. The situation today is that the Danish Government can take approximately half of the net profits of A.P. Moller's oil business through taxation.

## A Few Droplets

It is easy to make a comparison with Norway, where exploration rights cost large amounts of money, where the state's oil company is guaranteed a 50 percent participation in every allocation with the possibility of increasing that to 80 percent, and where the taxation of profits ultimately amounts to 80 percent. But that is as far as the comparison can be carried. There is no similarity between the oil wealth in Norway and the few droplets which exist in Denmark. Accordingly, the Danish oil discoveries are very slight and would not have been regarded as commercially worthwhile if the water depth throughout the Danish continental shelf had

not been so slight and circumstances had not otherwise been so favorable that the extraction expenses could be kept to a minimum. In substance, there are three fields--namely, the Dan, the Skjold and the Gorm--which, taken together, have exploitable reserves amounting to 52 million tons at best, but which more probably amount to only 40 million tons.

Production is under way in the Dan field, the Gorm field will follow in February 1981 and the Skjold field is also to be added in 1984. A maximum production of 2.5 million tons is calculated for 1985. Even though one cannot speak of that as "peanuts," it is insignificant for a nation which uses approximately 17 million tons a year. Neither is it a particularly large amount for the A.P. Moller concern. It has an annual turnover of approximately 18 billion Danish kroner, and the part of that which results from oil can be figured at between 2 and 3 billion kroner in 1985, and gas is also included in that calculation.

#### Gas Being Sold Directly

A.P. Moller's share in the fields now being worked is 30 percent, while Shell's share is 40 percent and Chevron and Texaco's shares are both 15 percent. The big companies were brought in from abroad to provide their knowledge and to finance the cost of exploration and the subsequent cost of production. Where gas is concerned, the agreement with the government is that it is to be sold directly from the places where it is obtained--Tyra and Roar. The quantity which can be extracted is estimated to amount to 80 billion cubic meters at best.

It is that quantity which is supplying the initial motivation for a gas network costing a good many billions of kroner which would first be carried to Copenhagen and to southern Sweden through another pipeline. The gas is to be ashore on Jutland in October 1984. It is entirely evident to the people in the A.P. Moller concern that it is the Danish agreement with Ruhrgas which is the significant thing in this picture. Besides, the first gas in the Danish pipelines will be German, and thereafter it will primarily be Norwegian.

Oil experts employed by A.P. Moller have told the SVENSKA DAGBLADET that there is no hope of making a truly large discovery on the Danish peninsula. What one can hope to encounter is accumulations of the same dimensions as those which have been found up to now, at best. But even limited discoveries are economically interesting. Therefore, A.P. Moller's attitude is a negative one toward the government's proposals.

#### A Thorn in the Flesh

A.P. Moller's exclusive right to perform oil explorations on Danish territory has been a thorn in the flesh for the Danish Government ever since the North Sea bonanza began, but it was not until spring that it took its knotty fist out of its trousers pocket and confronted A.P. Moller with a series of demands. In general, it insisted upon those demands with threats of expropriation legislation in the best Arab style if they were not complied with.

What the government wants is for a state oil pipeline to be laid from the Gorm field to the Shell refinery in Fredericia, that the government should have the

right to buy half of all the oil and that the concession--with the exception of the licenses for the fields which have been producing--should be returned by 1987, at the latest. A.P. Moller was not at a loss for an answer to this.

The concern says that it would be in agreement with the laying of a pipeline if it would have 50-percent ownership of it. That is in conformity with the arrangements in the Norwegian Ekofisk area. In regard to deliveries of oil to the government, the concern says that if a concrete offer is made it will receive favorable consideration. In conclusion, where the concession is concerned, A.P. Moller proposes that 67 percent of the licenses shall have been returned during 1980 and that the remainder should be liquidated gradually up until 2012, when the concession period expires.

It is probable that A.P. Moller will agree to further concessions in negotiations, but not particularly big ones. What is significant is the fact that this Danish concern worth billions of kroner has the Danish public with it. In general, this means that people are thinking that if A.P. Moller cannot rely on a written agreement with the government then who will be able to do so?

If Anker Jorgensen ventures on the project of passing an expropriation law, it is probable that his government will fall. He will not get it through the Folketing since only a total of 60 members who will say "No" is required. Then another election and another parliamentary decision are necessary before any such law could go into effect. Thus a new and noteworthy development in the very remarkable series of developments connected with oil policy in Denmark is probable.

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## SPD DEMORALIZATION, CRITICISM OF SCHMIDT MOUNT

Hamburg DER SPIEGEL in German 1 Dec 80 pp 17-24

[Article: "'Poor, Very Poor, I Am Sure'"]

[Excerpt] Seven weeks after its election victory, the coalition misfired, the Social Democrats feeling that they have been taken advantage of by their small partner, the FDP. There is growing skepticism in Bonn about whether the Schmidt-Genscher government will in fact be able to survive this legislative period. The chancellor himself is spreading a terminal mood.

All contrary assurances by the coalition notwithstanding, there is growing skepticism and doubt in Bonn and in the country about whether the Schmidt-Genscher government will be able to survive the 4 years of this legislative period.

Particularly there is too great an accumulation of displeasure among Social Democrats about the Liberals' foray during the coalition talks as well as about the chancellor not doing enough to defend party interests.

A government declaration in the form of an inventory, moreover, left open the question as to whether the previously "historic alliance" (former Minister Werner Maihofer's term) between the parties of workers and liberal bourgeois should in fact be continued. Schmidt's inaugural speech was devoid of any perspective as to how the coalition partners plan to cope with the problems of a society whose fat years appear to be over.

What is in demand is intellectual leadership; what is being offered, according to Volker Hauff, is "a wreckage mentality, with everyone grabbing what he can get hold of."

Party leftists such as Kiel Deputy Norbert Gansel are already drawing comparisons to the arch-reactionary capitalist theory of U.S. economist Milton Friedman. "Chicago boys," like Friedman students, is the term Gansel used to describe the FDP coalition profiteers.

"Out in the party," the normally rather deliberate SPD parliamentarian Hugo Brandt says, upset, "an explosive mixture of disgruntlement and aimlessness is building up; people no longer know why and whereto."



According to him, the coalition partners and government are responsible for the vacuum. "The lack of a political-intellectual horizon on the part of the FDP is banishing any advancing thought into a state lacking orientation. The government, at least half of which are pygmies, is already incapable of handling the routine business in a confident manner--not to speak of setting marks, let alone landmarks."

There is deep-seated disappointment among many Social Democrats at the way in which their feelings and political claims have been dealt with in the past few weeks.

There were the oath-taking ceremonies of the Bundeswehr [federal armed forces], very very hard to take and just as distasteful to the comrades' pacifist mentality as the bowing and scraping by Chancellor Schmidt and Foreign Minister Hans-Dietrich Genscher before future U.S. President Ronald Reagan.

Many comrades remember only too well Reagan's pithy election campaign remarks. One SPD minister comments: "One really has to have a pretty good understanding of foreign policy to catch on to the fact that this devout attitude is in the German interest."

Then there were the successes of the Free Democrats in the coalition talks, with their own clients, farmers and civil servants, being handled gently and prosperous climbers retaining tax-saving privileges such as the 7b subsidy for residential construction.

Sacred cows of the SPD, on the other hand, were slaughtered. In the question of codetermination, the Liberals bluffed their ingenuous Social Democratic partners into accepting a solution threatening to destroy the alliance of comrades and unions.

From the start, the FDP negotiators had brought up the executive employees, saying that only if these were conceded legally guaranteed special rights would the Free Democrats be prepared to make compromises in the question of codetermination in the coal and steel industry.

In a play with divided roles, the Free Democrats kept harping on this until the chancellor and his comrades finally reached the conclusion that only extraordinary concessions could induce the FDP to desist from that demand, unacceptable to the SPD.

That having been accomplished, FDP chief Genscher took yet another step Saturday before last, meeting DGB [German Labor Union Federation] Chairman Heinz Oskar Vetter. For 2 and 1/2 hours Genscher in his house in Pech had breakfast with the union official. Later Genscher's party friend Gerhart Baum classified the secret meeting like this: "Vetter was sounded out about what he would support and about how far one could go."

The fact that one could go quite far was demonstrated the day after during the 7-hour concluding parley of the coalition about codetermination--a key subject for the Social Democrats. Rather than concluding an agreement about the definitive insuring of codetermination in the coal and steel industry, the SPD and FDP people--wholly to Genscher's liking--agreed to put an end to it.

While for the next 6 years, according to the coalition compromise, everything will continue as before, after that period there will be an end to the balance between labor and capital in the West German steelworks if, as in the case of Mannesmann, the management succeeds in reducing the coal and steel industry turnover in the long run to below 50 percent of the total turnover by restructuring the combines.

True, the chancellor and the SPD chief urgently pointed out the advantage of the compromise--that the immediate danger had been banished for the next 6 years. That period, said Schmidt in the Bundestag, would "create room for further thought about it." And Willy Brandt has already made it known that before the time runs out the Social Democrats will insure continuation of codetermination in the coal and steel industry by further legislation.

Vetter, tied down by long talks with the federal chancellor and the visit with Genscher, said that the result would just lend itself to being expanded on.

On the other hand, Rudolf Judith, the Metalworkers Union executive member responsible for the coal and steel industry, warned the chancellor that there would be a row with the union base, saying: "We can't live with that."

There will be a row because Genscher's party friends left no doubt that they understood the compromise as a law that would expire and whose prolongation they would not agree to.

Since even a single joint action with the CDU/CSU was expressly ruled out in the coalition agreement, the SPD is thus powerless. The Social Democrats could achieve codetermination in the coal and steel industry only through a grand coalition or by attaining an absolute majority in the 1984 election, while the FDP by merely biding its time will attain its aim of removing the current codetermination provisions.

To all protests from the SPD against FDP predominance, FDP chief Genscher reacts with irritating casualness, saying that after all it was not Schmidt and the SPD who won the election but the FDP. Genscher: "If I were to talk about everything that angers me, this coalition would have been over long since."

Despite the fact that the Liberals too know about those latest voter analyses according to which 80 percent of FDP voters favored a continuation of the coalition with the SPD (in 1976 only two-thirds did so, and in 1969 only half), the Liberals are constantly thinking up new threats. Thus the FDP party leadership is spreading the news that their Land associations are increasingly dissociating themselves from the SPD and are on their way to the CDU/CSU.

Even now the Social Democrats are being offered discouragement and encouragement for the 1984 Bundestag election.

The threat: In spring 1984 the Liberals at the Baden-Wuerttemberg Landtag election might initiate a change in the country by coming out for a coalition with the CDU.

The offer: In the presidential election, the Social Democrats of the Federal Convention could support a Liberal candidate if Karl Carstens does not run again in 1984, and thus reconsolidate the SPD-FDP coalition on their part.

The very night of the election, the Free Democrats presented a candidate to the chancellor--former Federal President Walter Scheel, who has already quickly had an investigation made into the legal admissibility of a comeback. Genscher revealed the career plan to fellow members of the FDP Executive--though comprehensible only to experts.

President Carstens had congratulated Genscher by phone on his election victory, whereupon the FDP chief reported to Honorary Chairman Scheel that "your predecessor called."

Such exuberance on the part of the 10.6-percent party worsened the already depressed mood among the comrades, who then blamed Helmut Schmidt for their vexation and their displeasure.

Having ruled undisputedly over party and government since 1974, having disciplined party congresses with threats of resignation and having decided about election campaigns alone, the chancellor only a few weeks after the election confronted a change of weather. Veteran ministry officials and commentators in Bonn already were recalling the time after Ludwig Erhard's 1965 victory when the successor to Adenauer lost his capacity to govern.

Party friends too were observing the phenomenon, Volker Hauff commenting: "When someone's reputation is at such a dizzying height, a small breach is enough for katzenjammer to start everywhere."

The new minister for research, Andreas von Buelow, is afraid that many comrades have not yet realized that hard times are ahead: "Everyone here is dragging his teddy bear and complaining. Anybody can be a fine-weather democrat."

Helmut Schmidt was there on Wednesday, a couple of days after his Bundestag address, with a stony face and hands generally folded, when his predecessor, Brandt, delivered what the ruling chancellor had failed to come up with--a government declaration, though no explanation of the budget.

Schmidt is now suffering for having gone it alone in preparing and managing the coalition talks. "It is absurd for someone to be negotiating on behalf of the SPD who at the same time must find a compromise," an SPD member of the cabinet commented.

Saturday before last, a few hours before the decisive consultations, the ministers got to read the 150-page draft of the government declaration. If someone still wanted to make a change, he got to feel his master's wrath at the meeting.

The comrades now complain that the talks lacked all strategy. Wherever the Liberals had laid traps, the ill-prepared Social Democrats groped and fell. In the final phase of the codetermination discussion Brandt saved the SPD team when Schmidt had talked himself into a corner to the point of endangering the whole talks. In the end Otto Graf Lambsdorff, who normally has little in common with the SPD chairman, thanked him for his conciliatory behavior.

Brandt's late action showed how wrong it had been for the coalition talks to have been prepared by the chancellor alone. Party Deputy Chairman Hans-Juergen Wischniewski proved overtaxed in a number of difficult disputes concerning fiscal and social policy.

Thus Ben Wisch at one point complained to Finance Minister Hans Matthoefer that he had kept certain files from him, but the latter was able to show that Wischniewski had misplaced them.

Nor was Bundestag leader Herbert Wehner any help to anyone. While displaying stamina in keeping minutes on everything being discussed, he refrained from any useful verbal contributions.

During Schmidt's spell of debility, something is being uncovered from which the chancellor's reputation, authority and success had long diverted attention: the two SPD centers of power, the party in the Bundestag and the party headquarters at Erich-Ollenhauer-Haus, are not in too good a shape.

Helmut Schmidt's recipe of separating the government from the party and presenting himself to the electorate as a chancellor who is above parties, while enabling the Social Democrats to govern in many a critical period, has damaged their political vitality.

What Egon Bahr described as the party's noblest task—"always to be one step ahead of the government"—was felt by Schmidt to be dispensable blather at best but sometimes also a threat. He finds discipline more important than imagination.

In fact the chancellor during the last legislative period managed time and again to nip in the bud any independent thinking in the party outside and inside parliament. He only had to point to the bare majority of the coalition and the comrades would give in.

To guard against unwelcome surprises by his party friends, Schmidt tried in addition to influence SPD personnel policy in accordance with his interests.

In 1976 he urged his independent-minded Minister for Development Aid Egon Bahr to take over the vacant post of SPD federal executive manager. The critical intellectual, the argument went, was the best man to cope with the CDU secretary general, agile Prof Kurt Biedenkopf.

Three months later already, Biedenkopf gave up his party job, but Willy Brandt in the person of executive manager Bahr had received a competitor who was just as much interested in foreign affairs as the party chairman himself. What continued to be lacking at headquarters was a party worker who smelled like having worked in the stables. Rather than presenting himself to districts and complaining local associations in the provinces, the former East negotiator Bahr delivered lectures at congresses and in academies on the international situation.

Party Deputy Chairman Schmidt, who easily could have foreseen this development, kept complaining about breakdowns and alleged mismanagement at party headquarters. In the end the chancellor's low opinion of Ollenhauer-Haus reached the point of



Bahr being considered no more than an assistant in the Office of the Chancellor during the Bundestag election campaign. The party executive manager had to have every leaflet text and every election poster approved before passing them on to SPD bodies in the country.

Schmidt's next chess move did not improve his king's position either. When Hans Koschnick, Bremen mayor and chancellor critic, an SPD deputy chairman like Schmidt and long considered a potential successor to Brandt, withdrew from his office in Bonn, the chancellor saw to it that his Minister of State Hans-Juergen Wischnewski moved up to the post of deputy chairman. While Wischnewski had proved himself as a firefighter in such crisis situations as the hijacking of a Lufthansa plane to Mogadishu in 1977 or the printers' strike in 1978, he was unable to fulfill the chancellor's wish to lend greater weight to Germany policy in public and in parliament. In the Office of the Chancellor it was charged that the shrewd man from Cologne, though displaying political instinct, was unable to come up with detailed knowledge of subject matter at conferences.

Schmidt sent the newly elected SPD deputy chairman to Erich-Ollenhauer-Haus to work there full time, thus causing additional trouble at headquarters. For since then, in the persons of Wischnewski, Bahr and Brandt, three comrades have been competing for prestige in foreign affairs or in Ostpolitik. "Not exactly the right thing for a workers party" was the comment of Saarland SPD Deputy Chairman Oskar Lafontaine about the international trio.

Not being used to continual desk work and without a clear mission, Wischnewski did not know what he was to do alongside Bahr. "He just doesn't exist, and the place simply operates without paying any attention to him," a headquarters employee commented.

On those occasions when Schmidt's man did do something, there was trouble right away. For example, the presidium asked Wischnewski to draft the party program for the Bundestag election. Bahr, feeling passed over, for reasons of loyalty remained silent although he had prepared a draft of his own, and Wischnewski got himself editorial help where he thought the better experts were—at the Office of the Chancellor. Draft proposals about social policy which Herbert Wehner had prepared were blue-penciled rigorously. The final result was a feeble compromise which earned its author the nickname Ben Wishy-Washy.

Undaunted, the deputy party chairman made strenuous efforts for a new post. At the round table in Willy Brandt's office, Wischnewski told the party chairman and the chancellor around the middle of the year that various comrades in the Bundestag had asked him to seek the post of deputy party leader in the Bundestag after the election.

Schmidt and Brandt did not want to advise against it but voiced a reservation: Wischnewski was not to interpret their agreement as meaning that the succession to Herbert Wehner in 1981 had thus been decided in advance. Nevertheless the old head of the party in the Bundestag suspected that, egged on by Brandt and Schmidt, Wischnewski was out for his skin.

The SPD deputy chairman was elected, though coming off next to last among all deputy chairmen--a lesson by the Bundestag deputies.

Only a few days later Willy Brandt stopped another ambitious plan of the busy Wischniewski. At the SPD Presidium the party chief made it clear Monday before last what his concept of a future managing executive of the Social Democrats was.

When Egon Bahr gives up his party job late in January, Brandt said, it will be necessary to find a successor as active as possible, politically full-blown and convincing externally and internally. In any case, he said, he had no use for the plan of this or that prominent comrade to fill the vacancy to be created by Bahr with a party functionary who saw himself only as a party administrator.

None of those present contradicted, and Hans-Juergen Wischniewski, to whom Brandt's allusion in fact was addressed, did not stir either. Everyone knew, however, the meaning of the party chief's terse remark as far as the deputy chairman was concerned. It meant the end of Wischniewski's dream of making himself the covert ruler of the SPD.

The shrewd tactician had figured that if the party appointed an administrative expert without political weight to be executive manager, there would be but one strong man at SPD headquarters, whose actual boss, Brandt, paid little attention to management--Ben Wisch.

Brandt saw through this plan, realizing that if Wischniewski realized his intention, it would also have meant a preliminary decision against the current party chairman.

Brandt prevailed with his view that the executive should pick an executive manager of its choice on 12 December--either Berlin Science Senator Peter Glotz or Minister of State in the Foreign Office Klaus von Dohnanyi. As for the third candidate, North Rhine-Westphalian Minister of Labor Friedhelm Farthmann, his minister-president, Johannes Rau, will not let him move to Bonn.

So the man picked by the chancellor to discipline the SPD and to "ennesh" (Wischniewski's term) more closely the work of party, government and leadership in parliament is finding himself sitting between all chairs. The "SPD John Wayne," as his comrades sometimes refer to him, who had secretly hoped to succeed Herbert Wehner or even Willy Brandt in the near future has been brushed aside for the time being.

To what extent the leading comrades have neglected the internal party organization in their covert maneuvers for power became apparent last week when, lured by substantial compensation, 86 employees gave notice--mostly women secretaries and senior clerks with long experience in the SPD, whom the party will find it difficult to spare.

The amateurish action with which Treasurer Friedrich Halstenberg planned to lower the salary costs of the SPD--DM 50 million in debt--threw Ollenhauer-Haus into chaos. "The party is not capable of action at the moment," one comrade complained. To counter the confusion, Willy Brandt wondered whether he "ought not to move to the Bundeshaus [parliament building] for the next few weeks."

Just as at headquarters, so in parliament Chancellor Schmidt at present has no pillar of support he can depend on. Wehner, undisputed tamer of the troop of comrades for years, is no longer intact. Failures and independent actions on the veteran's part have ruined the personal relationship with the chancellor, which had been troubled long since anyway.

While Schmidt was seeking the support of a majority of the party for the NATO followup armament decision, Wehner talked publicly about the "defensive" nature of Soviet armament. When the chancellor condemned the Russian invasion of Afghanistan, Uncle Herbert crossed him up with the remark that Moscow had acted "preventatively."

Angered by Wehner's go-it-alone actions, Schmidt considered bringing him down as head of the party in the Bundestag even before the election. Only the brilliant SPD victory in North Rhine-Westphalia stopped the putsch plans.

Shortly before the end of the legislative period, the breakdowns by the leadership in parliament took on serious proportions, with important government bills such as the amendment of the military service legislation and the noise protection law meeting with failure in parliament. Behind Schmidt's back Wehner persuaded the party in parliament to submit a group proposal for insuring codetermination in the coal and steel industry, thus disturbing the Liberals, who then took revenge against their partner after the election. In memorandums to Brandt, Wehner, Ehrenberg and Justice Minister Vogel, the chancellor at that time already openly threatened to resign.

Schmidt waited in vain last Tuesday for Wehner to protect him vis-a-vis the party in parliament against charges in the SPD's own ranks and against criticism of the government declaration. While, as usual, firing a "Stalin salvo of invectives" (as put by a member of the cabinet) against leftwingers, Wehner left the chancellor in the lurch when he pleaded for understanding for his difficult position.

For example, when parliamentary newcomer and former Juso [Young Socialists] Chairman Gerhard Schroeder compared the terminal atmosphere of the 1980 government declaration with the takeoff mood of the 1969 government declaration, Schmidt, lecturing as ever but without acrimony, replied to the leftwing tyro: "Let us switch on three spotlights." No 1, according to Schmidt's scale of priorities: Eleven years ago, the first SPD-led government of the Federal Republic had presented itself, and it was therefore no wonder that at that time there had been no lack of long-matured reform projects.

Spotlight No 2: The rates of economic growth had made it easy at that time to satisfy claims and desires.

Reminder No 3: The Ostpolitik of the Brandt-Scheel government in 1969 had come exactly at the right time because the superpowers too wanted a dialog of detente.

In the end Schmidt had almost managed to turn the mood around again. "If only he had had as much fire in the Bundestag," one comrade said regretfully.

Not only the chancellor but many deputies have realized since 5 October that Herbert Wehner's luster is beginning to fade. Jealously intent on power and responsibilities, the old man is having an increasingly destructive effect on the party in parliament.

Hugo Brandt: "Much though I value Herbert Wehner, his tactical ability, his political effectiveness, I sometimes sense physically how his shadow is lying over the party in parliament, stifling any kind of independent existence. What a pity that great people do not get the contradiction that they actually deserve."

The combination of fear and loyalty besetting many comrades when they see Uncle Herbert, insured for him once more a brilliant result in the election to the post of leader in parliament, with only 26 of 211 deputies not voting for him, but the relief would be great if the 74-year-old Wehner withdrew of his own volition.

Unfortunately, however, the old coachman shrewdly saw to it that he would be indispensable in order to "pull the cart as long as the cart is willing" (his own words). To the best of his ability, the leader in parliament prevents anyone from building himself up alongside him. He gives no clearcut responsibilities or tasks to his five deputies—with the result that none of them is in a position to straighten out the boss's mistakes.

Just as inconspicuous in their work as Wehner's deputies are the five parliamentary executive managers, who are responsible for coordinating the party's activity in the Bundestag. The two new ones who have been appointed to this job, Carl Ewen and Werner Zeitler, are distinguished by having spent their previous years in parliament quietly on the back benches.

"Power through chaos is Wehner's principle of rule" is the comment of one leftwing deputy on the leader's style.

Research Minister Andreas von Buelow misses exploitation of the political potential residing with the team in parliament. He says: "The discussion among the deputies at long last must be placed in position against the government. Everyone must have the feeling that his voice is not submerging somewhere. Then the party in parliament would be rid of its poison."

But neither the rightwing party workers around Minister Egon Franke nor the young leftwingers can expect anything to change in the management of the party in parliament as long as Herbert Wehner rules with his unmistakable combination of fulfillment of duty and reign of terror.

Just as he has sent Wischnewski packing now, he has shaken off former candidates--Hans Apel, for instance. The former defense minister, at one time brought up by Schmidt as heir apparent for the most important jobs in government and parliament, now, as a result of all too soft a policy toward the military, has made many enemies among the comrades.

Meanwhile the chancellor has been on the lookout for a new crown prince who, if need be, could succeed him or Herbert Wehner--Minister of Justice Jochen Vogel. Vogel's plus over Apel, compared with Wischnewski or Finance Minister Hans Matthoefer, is that the former "Juso baiter" from Munich has worked himself up to a position of counselor, mediator and guide, valued in all sections of the party outside and inside parliament, in the discussion of issues in the cabinet and in SPD bodies.



Last Friday Vogel invited an illustrious company of moderately rightwing SPD dignitaries for joint consultation, including Bonn Ministers Ehrenberg and Apel.

Behind the closed doors of the Lufthansa training center in Bergstrasse in Seeheim, the wounded chancellor was allowed to plead for solidarity among his sobered supporters.

The head of the gathering, Vogel--the new number 2--is standing ready, and not only in case the chancellor's standing should remain at its low ebb and he therefore calls it quits.

He might also succeed Schmidt if the latter at some time or other wants to realize a long-cherished plan "to resign like Harold Wilson."

The British prime minister retired from politics in 1976--successful, respected and completely unexpectedly.

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CSO: 3103

## BRIEFS

VÄYRYNEN: KEKKONEN SHOULD CONTINUE--Helsinki, Saturday [22 Nov 80] (from DAGENS NYHETER's correspondent)--Urho Kekkonen, 80, should get to continue as president as long as possible; he is quite simply indispensable to the country. That was emphasized by Paavo Väyrynen at the party's representative meeting in Vasa on Saturday. The Center Party has no problems when it comes to choosing the next president--it will be Kekkonen again, it was plain from Väyrynen's speech. He felt that Kekkonen is quite simply unique, and that his contributions cannot be rated highly enough. Nobody can persuade the Center Party to participate in the so-called presidential game, Väyrynen asserted. He said that Kekkonen should have peace and quiet in which to work. In any case, it is outright improper to discuss a successor when Kekkonen still has a good 3 years left of his term. Besides, Kekkonen should be allowed to stay as long as possible, the Center Party leader felt. [Text] [Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8] 8815

CSO: 3109

## FINANCIAL, POLITICAL PRICE OF DEFENSE DISCUSSED

Paris LE FIGARO in French 24 Nov 80 p 24

[Article by Paul Granet: "Reflections: the Price of Defense"]

[Text] "The Will to Defense" is the theme of the conference held today [24 November] in Paris, at the Hotel Sheraton, by the Movement for the Independence of Europe. Founded in 1969 by its delegate general, Alain Ravennes, the NIE is presided over by Olivier Guichard.

After being asked about the sources and means available to stimulate a will to defense that would be felt and understood by public opinion and about an evolution toward a professional army, the participants will make successive presentations on the threats which face Europe, on its strategic "encirclement," on the defense of France and of Europe, and on the possibilities of European response to encirclement. In addition to Olivier Guichard and Alain Ravennes, General Georges Buis and Messra Andre Bettencourt, Andre Fanton, Paul Granet, Michel Poniatowski, and Pierre Messmer will speak. Not the least interest in this meeting will come from gauging the extent of agreement of eminent personalities of the UDF and of the RPR on this important subject.

## The Solidarity of France and Europe

The election of Ronald Reagan will lead to an increase in the military effort in the U.S., an increased irritation with the inadequacies of the military budgets of the European states, an aggravation of self-centered and manichean political impulses--and, finally, will open into a new, overall Russo-American negotiation. At the same time, the impact of technological innovations will not stop feeding the arguments on defense strategy, notably in France, where we are not yet ready to say whether the second generation of Pluton missiles constitutes a kind of super-artillery or an element of deterrence.

There are some essential reasons for posing again the problem of the defense of Europe and the missions of French defense.

Two concepts are in conflict, even in the government majority parties and in the very center of the UDF. The first concept extensively relies on the Treaty of Brussels of 17 March 1948. In case of armed attack in Europe against one of the signatories of the Treaty, French involvement would be automatic. As there are hardly any other assumptions of conflict other than war with the

USSR, it becomes a matter of logic to prepare for it, all of us together and immediately. The supporters of this concept wish to ignore the hypothesis of non-intervention and confuse strategic space and geographic space. In their view, they are led to place the emphasis on the reinforcement of cooperation with our allies and, finally, in recommending a rapprochement with NATO.

Let us be clear about this: to state that France is automatically engaged in a conflict which involves NATO is to turn our backs on Gaullism. NATO is not a political structure. It is not a democratic assembly of various countries. It is a napoleonic organization where the United States decides the security and the strategy of the others.

Certainly, the supporters of the concept of "commitment without ambiguity" continue to call themselves partisans of our nuclear force and of its autonomy. No doubt, this is out of political prudence. But one does not see very well what significance this has. From the instant that there would be no more options open than its use, the so-called independence of our nuclear force would become a joke.

I remain opposed to the formula of the UDF report on defense: "The participation of French forces in the first battle in Europe cannot be problematical," (page 42). My view is just the reverse. I would recall, on this subject, that the president of France on 1 June 1976, very sensibly, left in doubt the modalities of our participation in the first battle. I would also recall that General Mery excluded the possibility, "that we would commit ourselves, in advance and in time of peace, to occupy one of the battlements in the framework of allied strategy."

The second concept begins with the evidence: there cannot be a Europe without a common foreign policy; there is no foreign policy without a common defense; there is no common defense as long as NATO exists in its present form. This is a pertinent analysis, but it is as abstract as it is unrealistic. Must it be concluded that there will never be a European political identity? Are we condemned to the status quo?

Perhaps not. As the years have gone by our European partners have begun to doubt the reality and the appropriateness of American protection. First, there has been the negotiation on the nuclear fuel cycle, marked by the American wish to make all European industry--civilian as well as military--dependent on uranium controlled by the United States. In a way this was an attempt to re-create, for uranium, the equivalent of an OPEC, at the initiative of Washington. Then we had the beginnings of SALT III and the proposals for the nuclear neutralization of Europe. And there is nothing to prove that Mr Reagan, once he is sure of American military power and considers it sufficient for the defense of the world, will not return to this concept on his own. Finally, the future trade negotiations between Europe and the U.S. threaten to be difficult. In general, these are the frictions on one side or the other of the Atlantic which will be aggravated in the coming years under the dual influence of European economic and social integration and the wish of Ronald Reagan to re-establish--even at the price of crises with his allies--American prosperity. In short, the "era of misunderstandings" between Europe and the U.S. is not necessarily over. Perhaps this is the moment for France, in this context, to make proposals with a view to raising again the idea of European defense.



The problem of European security is closely circumscribed by four considerations, which are sometimes contradictory:

- 1) The nuclear rearmament of West Germany, in the sense of a true, strategic nuclear force, is excluded. Not only, given the position of the USSR, does it risk placing in question world peace, but it is unlikely that French public opinion would be favorable to it. That was the weakness of the proposals of Alexandre Sanguinetti.
- 2) No French Government will renounce the independence of our strategic nuclear force or refuse to modernize it. Never again will a blank check be left in the hands of our American allies. Of if there is, then the whole French internal political situation will have been overturned.
- 3) The idea of European defense, organized around the French nuclear force, which would replace American protection, remains a dream. Our nuclear force is not sufficiently credible, notably in the eyes of the Germans.
- 4) NATO will collide more and more with policies affirming European identity. Eventually, one of the two is condemned to disappear.

But even enclosed within these limits, negotiation is possible. It could take place around a draft for the organization of a European Army which would largely substitute for NATO, while still benefiting, in certain ways, from the protection of the American strategic nuclear force and or the French strategic nuclear force, the latter remaining outside the European Army.

Does this mean that the European Army should be a conventional army, a human mass and therefore easy prey on the battlefields, whose role would be limited to constituting the *casus belli*? There we are at the heart of the problem. If one must exclude that the European Army will have a strategic nuclear force--first, because of Germany, and then because the seriousness of the intervention of a strategic nuclear force ensures that the decision can only be taken by a national government--it would be as imprudent as vain not to provide it with tactical nuclear weapons and especially neutron weapons. Jacques Chirac, at Mailly-le-Camp on 10 February 1975, opened the debate on the matter.

One must always have in mind two developments:

- 1) The proliferation of nuclear weapons is inevitable. From now on the manufacture by a sovereign state of a certain quantity of fissile material for the purpose of producing a limited number of weapons with the objective of basic deterrence or of political prestige--this cannot be stopped.
- 2) The major strategic phenomenon of tomorrow will not be the entry into service of intercontinental super-missiles and the Russo-American equilibrium of terror which will flow from it (although that development, especially if, for a certain period of time, there is no balance, is not a negligible one), but rather the proliferation of tactical nuclear weapons and their still further state of ministerization. In short, this will involve the deployment of what it is necessary to call nuclear artillery.

In such conditions neither Washington nor Moscow could long be opposed to the establishment of a European Army of the kind that we envisage.

Our security could be that much more effectively ensured as the distinction between tactical weapons and strategic forces is less evident in Europe, a crowded territory contiguous to other continents, than it could be in the United States, isolated between two oceans.

This is a working hypothesis. One must be aware that it is the only one which could make it possible for a political Europe to emerge from the impasse in which it is found and to reaffirm Franco-European solidarity, without diluting the French deterrent force.

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CSO: 3100

## MILITARY PROMOTIONS, ASSIGNMENTS NOTED

Paris LE MONDE in French 14 Nov 80 p 29

[Text] On a motion by Le Theule, minister of defense, the Council of Ministers approved, on Wednesday 12 November, the following promotions and appointments in the armed forces:

--"Army:" Colonel Christian Clarke de Dromantin was promoted to Brigadier General and appointed adjutant to the general commanding the 1st Military Region, the 3d Army Corps and military governor of Paris.

--"Medical Corps:" Medical Major Charles Tournier-Lasserre, head of department, was appointed central director of the Armed Forces Medical Corps (AFMC); Medical Major Pierre Juillet, head of department, medical general inspector, was appointed Inspector General of the AFMC.

--"Promotions:" The medical generals, medical majors and departments heads Jean-Pierre Thomas and Henri Linon to medical general inspector (with rank of major general); medical department heads normal class Jean-Pierre Farges, Charles Hilttenbrand, Charles Poncelet and Pierre Cabasson (appointed medical head of the Sainte Anne Armed Forces Training Hospital at Toulon) to medical general (with rank of brigadier general).

Laurent Girier, medical general inspector, medical major head of department, was appointed technical inspector of the Armed Forces Medical Department of Hygiene and Epidemiology. Gilbert Perot, medical general, medical department head normal class, was appointed central director of research of the AFMC; Raymond Mautalen, medical general, medical department head normal class, was appointed deputy director of the AFMC; Robert Duriel, medical general, medical department head normal class, was appointed director of the 1st Military Region and 3d Army Corps medical corps.

Jacques Simon, medical general and department head normal class, is acting as the "organizational" assistant-director of the central directorate of the AFMC.

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CSO: 3100

## GOVERNMENT MEASURES IN VIEW OF ELECTIONS ANALYZED

Athens O OIKONOMIKOS TAKHYDROMOS in Greek 13 Nov 80 pp 7, 8, 43

[Article by Nikos Nikolaou]

[Text] Everything smells of elections! Within the space of one day, the government announced the instituting as of 1 January 1981 of the 5-day work week and promised the gradual implementation from the same date of the system of cost-of-living adjustments to salaries and wages, which will be completed within 1982. On the following day, Minister of Finance M. Evert announced substantial supports to the TEVE [Greek Craftsmen's and Tradesmen's Fund] with monies from the budget, as a result of which from 1 January 1981 all the pensions will be increased by 30 percent, while a similar regulation is impending also for the IKA [Social Insurance Foundation] pensioners. Even though such things involve the satisfaction of just demands by workers, it is a fact that these announcements (coming even after the tax cuts of September and the commitment by the government to not impose new taxes in 1981, despite the unfavorable trend of the public revenues) are giving rise to the feeling that these constitute a wave of favors such as are often given by administrations on the eve of elections.

In any case, it is certain that Premier G. Rallis, by his announcement last Wednesday to representatives of the GSEE [Greek General Confederation of Labor] and the ADEDY [Supreme Administrative Committee of Civil Servants] about the establishment of the 5-day work week and the implementation of cost-of-living adjustments to their pay, caught everybody off guard and took the initiative for forceful action at a time when the government was under heavy pressure from the strike movement and was being bombarded relentlessly by the opposition. Now, with the commencement of negotiations with the workers for implementing the announced measures, the government is the one which is dealing the cards. It is indicative that on Thursday, TO VIMA characterized these measures as a "bolt from the blue," adding that: This government decision can be regarded politically as "a surprise of the first magnitude," even though the explanation for this decision may be altogether simple (a consequence of the wave of strikes) or somewhat complicated (for example, with the elections in mind).

A sign of the success of the Rallis venture is the surprise of the opposition parties, which exhausted their criticism with the characterization of these steps as election-campaign measures, and also the embarrassment which they caused to New Democracy deputies themselves, who are keenly worried about the possibility that the government will resort to early elections. Finally, a chief



element in an explanation of the surprise which the measures produced is the fact that on just the previous day, Kallis had appeared on television to describe the critical situation the economy was in and to explain how difficult, if not impossible, it was to satisfy the demands of the workers (a government spokesman justified the inconsistency by arguing that the premier said these things because he had been of the opinion that certain branches of wage-earners were asking for unreasonable increases--on the order of 35 percent and more--and were even threatening strikes if they were not granted these excessive increases!).

In our opinion, regardless of whether or not the measures were announced in view of upcoming elections or because of a fear about the swelling wave of strikes, it was right for them to be imposed, and not only will they not bring an upheaval in the economy, as the alarmists maintain, but on the contrary they will help in its rapid recovery from the recession. The prompt taking of these measures is explained also by the political sensibilities of G. Kallis and his persistent effort to consolidate the calm political and social climate which he sought to introduce with his premiership.

With these governmental measures:

- As of 1 January 1981, the 5-day work week is established, but without a reduction of the total working hours per week of salaried employees and wage-earners. For the implementation of this measure, deliberations are taking place now among the concerned organizations, the appropriate ministers, and the employers.

- A decision is announced on instituting cost-of-living adjustments to salaries and wages (we note that last week in this column, in an exclusive we had referred to this possibility). More specifically, it is stated that as of 1 January, an increase will be granted in the minimum wages and salaries equal to the increase in the cost of living, and that the government is agreeable to the establishment on a systematic basis of cost-of-living adjustments to salaries and wages as of 1 January 1982 "provided that the workers formulate specific proposals and as long as the feasibility of implementing this measure is objectively verified." It is noted that already the GSEE has proposed a system of cost-of-living adjustments to earnings on a quarterly basis.

In any case, the negotiations with the workers for establishing the proper framework for the 1981 income policy has begun, and it is possible that by the time the OIKONOMIKOS TAKHYDROMOS is on the newsstands the specific rates of increase in salaries and wages will have been learned. Certainly what is of interest above all are the percentages for wage-earners who have real earnings greater than the minimum limits.

According to reports, the line being taken by the government in the collective agreements for different trades is to contract for increases which will likewise safeguard the purchasing power of the wage-earners. This means that increases will be granted to those wage-earners whose pay is other than the minimum limits (and who constitute about 85 percent of the totality of workers) which are proportional to the increases which will be given at the minimum levels. In any case, such increases will not exceed the increase in the cost of living expected for 1981, which is estimated by official quarters at around 19-20 percent. Finally, it is conjectured that the percentage of increase will not relate to the totality of earnings in the case of high salaries. There will be a ceiling beyond which the percentage will decrease progressively.

As for the increases which will be received by civil servants and workers in the broader national sector (banks, insurance organizations, the DEI [Public Power Corporation], the OTE [Greek Telecommunications Organization], the OSE [Railways Organization of Greece], and so forth), it was learned that the rates of increase will form the subject of separate negotiations, because the situation in each organization is different. For civil servants and pensioners the rate of increase will be decided in terms of the margins left by the 1981 regular budget (which will be balanced at the level of 448 billion drachmas). For workers in the public sector generally, the government's line is to have payroll increases similar to those of the private sector. However, in each specific case, consideration will also be given to those increases which automatically take place from one year to the next (the well-known longevity raises), but without the increase in pay because of promotion in grade being included in these increases.

#### The Balance

In reality, the balance of payments is faring better now, and it seems that for the short run the nightmare has passed concerning the disruption of its equilibrium, which was worrying the government up to the beginning of summer. In the 9-month period of January-September for which data exist, the deficit in the balance on current accounts was limited to \$1.430 billion, compared to \$1.428 billion last year in the same period--that is, it remained almost stationary. This fact is noteworthy when one considers that in making the same time comparison, the foreign-exchange expenditure for importing fuels was \$2.219 billion in the 9-month period of this year, compared to \$1.522 billion last year--that is, it increased by 45.8 percent.

Thus the government has a right to appear satisfied by the developments in the balance. Now, on the basis of the present data as well as the trends which are appearing, it is very likely that the deficit in the balance on current accounts as of 31 December 1980 will be kept to levels below \$2.000 billion, whereas just a few months ago the threat was a deficit of \$3.000 billion. This improvement will spare the country the necessity of new foreign borrowing, recourse to which would have been unavoidable if the deficit had swelled.

However, the government cannot pride itself on those developments in the balance which it can point to as evidence of the success of its policy. Because unfortunately this "improvement" in the balance is not a sign of health in the economy, but on the contrary it is evidence of an attack on it by the dangerous disease of stagflation. If indeed the changes in the balance are examined more closely, it is evident that this holding down of its deficit to about last year's levels is due exclusively and solely to the stagnation in imports. If fuels are subtracted, the value of the remaining commodity imports in the 9-month period of January-September was limited to \$5.794 billion, compared to \$5.822 billion in the same period of 1979--that is, they decreased in value by 0.5 percent, whereas for the same interval comparison between 1978 and 1979 they had increased by 27.8 percent. The suppression of imports is due for the most part to the economic recession which the country is suffering from, and secondarily to the excessive imports of the previous year, which led either to the formation of stockpiles which are now difficult to sell off, or to the loyal application of self-restraint on the part of importers. In reality, the economic recession

which is revealed by the drop in investments and by the decline in disposable income (it will be reduced by 2 percent this year according to the report by the KEPE [Center for Planning and Economic Research]), and hence by the decline in consumer demand, is the primary cause of the suppression of imports and the "improvement" in the balance. But however obliging one may be disposed to be, these two reasons for this situation cannot be considered achievements!

A true improvement in the balance would exist if organic changes in its composition were noted, such as a rapid growth in exports or a substantial rise in invisible receipts. But neither the one nor the other is happening now! In the 9-month period, receipts from exports came to \$3.090 billion, compared to \$2.807 billion last year--that is, they increased by 10.1 percent compared to a rate of increase last year of 33.7 percent. This year's increase does not even cover the rise in prices--something which means that the volume of exports has decreased.

Indeed it is a fact that today our exports are suffering from the conditions of recession which prevail in the international market and which are leading to a decrease in demand, while on the other hand the competitiveness of Greek products is on the decline at the same time that domestic inflation is running at a rate more than double that of Europe, and moreover the exchange value of the drachma has remained stationary from May up to now. In the midst of these conditions, it is clear that one cannot even begin to consider a reduction in the supports based on the Currency Committee's Decision 1574.

The invisible receipts are also showing a slackening in their rate of increase. Thus, this year the foreign exchange from tourism yielded \$1.401 billion in the 9-month period of January-September, compared to \$1.229 billion and \$1.024 billion during the corresponding period in the years 1979 and 1978. That is, it increased this year by 14 percent, compared to 20 percent last year. The merchant-marine foreign exchange fared better, but again at a lower rate of increase, because of a recovery of the freight market. Thus, in the 9-month period the receipts from foreign exchange from shipping came to \$1.334 billion, compared to \$1.083 billion and 851 million during the same period in the years 1979 and 1978. On the other hand, the drop in emigrant remittances continued this year as well. The receipts from emigrant remittances was limited to \$787 million, compared to \$858 million last year in the same period--that is, they decreased by 8.3 percent.

Where a genuine improvement truly exists is in the sector of the inflow of capital. The value of venture capital introduced in the period of January-September came to \$323 million, compared to \$238 million last year in the same period--that is, it increased by 35.7 percent. This fact is due firstly to the improvement in the psychological climate following the formation of the G. Rallis administration, and secondly to the steady value of the drachma's exchange rate.

#### Investments

The level of expenditures for the Public Investments Program (PDE) has been finalized for 1981, and the appropriate ministries and generally all the agencies of the program have been sent the circular by Premier and Minister of Coordination G. Rallis which defines the spending limits within which the proposals will be made for inclusion in the program of those specific projects whose execution will be continued or will begin in 1981.



Thus, one of the chief differences of the 1981 PDE compared to this year's program is that beginning next year new projects will be incorporated into the program and will begin to be executed, whereas this year--as is known--for reasons of "belt-tightening in public expenditures," the program had been devoted entirely to the continuation and completion of projects already under way. In the premier's circular it is stressed that: "The inclusion of new projects in the 1981 Public Investments Program will be handled by the agencies within the framework of the disbursement limit which is fixed according to sectors and subsectors, and after the ability to finance the continuing projects is ensured, so that they may be rapidly executed and completed. For the inclusion of new projects in the program, the indispensable requirement is at least a complete and definitive approved study along with a revised and updated budget, the distribution of its expenditures over the subsequent years up to the year of completion of the project, and a report in which at all events the specific reason will be stated for why the project ought to be included in the 1981 program. The chief criterion will be the possibility of financing such projects by EEC funds and their ability to receive loans from the European Investment Bank." As long as the terms of this circular are observed, we can be optimistic that in the future we will avoid including projects in the program whose execution will drag on for years and whose overruns will follow one after another, as has happened up to now for lack of studies and the diachronic planning of expenditures.

The level of the 1981 program has been fixed at 80 billion drachmas, and besides this there is also a reserve fund of 5 billion drachmas. But from these 80 billion drachmas we should subtract 15 billion drachmas which have to do with the payment of debt installments for development loans (this year, this expenditure item is 9 billion drachmas), 3.3 billion drachmas which will be spent for military projects, and 1.25 billion drachmas for administrative expenses, so that chiefly productive activity will absorb about 60.5 billion drachmas--a sum which admittedly is insufficient for a year which happens to be the first year of our accession to the Community. In fact, even though it is now a commonplace observation, we ought to emphasize that at the commencement of the period of accession one would expect that even higher public investments would be realized, in order to accelerate the necessary structural changes in the economy.

In any case, the government maintains that it has exhausted all possibilities for using available resources in drawing up a program whose level in real-value terms is clearly higher than this year's (the execution of which will ultimately amount to 60 billion drachmas). The drawing up of a more ambitious program would jeopardize the monetary stability, because when inflation is running at a rate of 25 percent, it is frivolous at the very least for the State to carry out projects whose financing is done either through loans or through over-issuing of banknotes. On the other hand, the role of public investments is a reinforcing one, and what finally counts is whether by the execution of the requisite infrastructure projects the preconditions are created for an activation of private initiative, whose investments can cope with the structural problems of the Greek economy.

The basic characteristics of the PDE for 1981 are:



First of all, that this program has been drawn up with the objective in mind of the full use of those sums which our country is entitled to receive from the EEC funds (and which are free capital) as well as the loans which it will contract with the World Bank, the European Investment Bank, and so forth. In fact, it is figured that within 1981 this program will receive supports of about 75 billion drachmas from the regional fund of the EEC, the FEOGKA [expansion unknown] for orientation expenses, and so forth, while another 4.5 billion drachmas of Community monies will finance the so-called parallel investments (of the DEI, OTE, ETVA [Hellenic Industrial Development Bank], and so forth).

Secondly, that both through its absolute amount and through the distribution of its expenditures according to sectors, this program seeks to give the necessary expansionary impetus to the economy, by reversing the business-cycle conditions, which are now at a low point.

Thirdly, that the investment character of the program has been strengthened, in that the purging from it of day-to-day consumption expenditures has given significant returns. It is characteristic that with total expenditures of 85 billion drachmas, the administrative expenses are only 1.250 billion drachmas.

Fourthly, that the regional character of the program has been accented, given that almost all of its projects will be carried out in the countryside (with the exception of 2.500 billion drachmas which is being spent for projects in the greater capital area). In the 1981 program, for the first time expenditures for the Mornos River projects have been eliminated, as well as for the water-supply and sewer-system projects of the capital, and the flood-control projects have now been incorporated into the program of the Capital Area Water-supply and Drainage Corporation--something which means that the expenses for these projects will be borne exclusively and solely by the Athenians.

The apportionment of the program's appropriations according to ministries and agencies is as follows, in billions of drachmas:

Agriculture--2.270; forests-fisheries--1.650; land reclamation projects--4.720; industry-energy-handicrafts--4.900; communications--9.160; railways--1.900; tourism-museums-monuments--2.130; education--8.000; housing--0.650; health-welfare--1.570; water supply-sewer systems--2.200; public administration--1.050; research, technology, and technical cooperation--2.440; nomarchy projects--10.910; miscellaneous (amortization, military projects, and so forth)--20.300; administrative expenses--1.250; greater capital area projects--2.500; rehabilitation projects for earthquake victims of Northern Greece--2.400; reserves--5.000; total: 85.000 billion drachmas.

It should be noted further that for incentives to industrial investments--that is, for subsidizing interest charges and providing free capital (grants) to private parties which make investments, in 1981 the PDE will spend about 2.800 billion drachmas, compared to 1.500 billion drachmas this year.

Moreover, as was the case for almost all of the previous programs, the 1981 program is unsecured from the direction of specific revenues, and thus its expenditures will be met either from the proceeds of foreign loans or from

domestic borrowing (treasury notes). In connection with this latter alternative, beginning in 1981 an innovation is going to be put into practice.

Specifically, within the framework of the policy of decontrolling interest rates, which will begin in the initial days of 1981, a money market will become operative to which the State as well as the public enterprises and organizations will be able to turn in order to meet their borrowing needs. Initially, this money market will be limited exclusively to transactions between the banks and perhaps also the insurance organizations.

For 1981 the State is figuring on borrowing about 20 billion drachmas from this money market, by issuing bonds of corresponding value, which however will have a foreign-exchange provision (possibly a mark or Swiss-franc provision) and will earn also that interest rate which prevails in the euro market for deposits in foreign currency. The banks will be free at last to allot their obligatory deposits to such bonds or to the traditional treasury notes.

It is clear that the offering to banks of such attractive securities (as bonds with a foreign-exchange provision) is being done in order to relieve the state budget of the expense of paying interest rates which are especially high in the case of treasury notes, for which the State is charged at an interest of 13.5 percent, whereas the bonds will have an interest rate not greater than 7.5 percent.

12114  
CSO: 4908

## NOVEMBER 16 VIOLENT INCIDENTS ANALYZED

Athens EPIKAIRA in Greek 20-26 Nov 80 pp 19, 20, 21

[Text] Confusion and inconsistencies. Indignation at the blood spilled, and uneasiness in the face of the specter of anarchy. This is the taste which the blood-stained Sunday has left in the mouths of the Greek people. A generally acceptable interpretation of these events has not yet been found. Nobody is able to explain the extent of the disturbances, how the clashes developed, and the way the rioters were handled. There is even confusion in the government's announcements, which are elaborated on or even retracted by other ministerial statements. A chaos of views prevails also among the parties of the opposition. There is a gap between the parties and their youth organizations. Some of them trace the riots back to the cautious attitude shown by the government and the political parties to the "occupations" of the schools. Others attribute them to "agents provocateurs" of every type. But most fear that the country is very close to following the nightmarish path of anarchy.

The confusion about the scope, the ringleaders, and the fomenters of the bloody incidents which took place in Athens on the occasion of the anniversary of the Polytechnic events was continuing even 3 days afterwards. Nobody was able to show convincingly who provoked the incidents, for what purpose, and who are behind the young perpetrators, assuming of course that somebody is.

Following a general condemnation of the incidents by the parties and the government, a torrent of insinuations began which caused a fresh confusion and injured the confidence of the political parties both toward the government and even toward each other. Following the peacefulness we enjoyed in this country, the real casualty of the incidents was our "mild climate" and the balance of trust on certain basic issues among the country's political forces.

Thus:

Mr Papandreou stated initially that "small groups of irresponsible elements and provocateurs of unknown and suspicious origin were the cause of the deplorable improprieties, their evident purpose being to sully and discredit this great people's anniversary. We express our indignation and to the Greek people we denounce the instigators and organizers of these deplorable events."

On the following day, Papandreou ascribed these events to paragovernmental elements which had slipped in among the demonstrators:

"These paragovernmental elements have infiltrated into the security forces, and they have acted within the framework of a practical alliance with the other groups, with the objective of drenching Athens in blood. This bloodshed has led to at least one dead person and dozens of injured.

"The indulgence shown by the administrations of the New Democracy Party toward the junta paragovernmental networks, which have taken over important points in the state machinery, has now yielded its fruits. And the responsibility for this is borne in fact by all the administrations of the Right, from the time of the change in government up to the present."

#### Governmental Inconsistencies

At the same time, the government's positions were not coordinated:

Early Monday morning, Minister of Public Order Davakis spoke about the responsibilities of the policemen. He said that the police "lost its composure," that it acted without authorization, and that he himself is "not disposed to cover up for anyone," but will conduct investigations and hearings.

On Monday evening, an official government announcement which was issued after a meeting of the Government Committee stressed that: "Thanks to the composure of the police, which performed its duty and carried out the government's orders with self-sacrifice, much greater losses in terms of human casualties and damage to property were avoided."

In the same announcement, the events are attributed to extremists on the Left, including the EKKE [Revolutionary Communist Movement of Greece], the Second Panhellenic, the OKV [expansion unknown], the "Makhitis" [Fighter], the OSE [Socialist Revolutionary Organization], the OKDE [Organization of Communist Internationalists of Greece], the "autonomous citizens," the KK/ML [probably Greek Communist Party/Marxist-Leninist], and so forth.

However, in a separate announcement, Mr Averof attacks Papandreou personally and stresses, among other things:

PASOK [Panhellenic Socialist Movement], in making inaccurate statements and thus throwing oil on a dangerous fire, leaves out something else as well: That with its constant preaching in the last 6 years for Marxist changes, for militant mass demonstrations, for ongoing strike mobilizations (these are his own words), and with its practice of espousing in the streets every riotous march--that this above all facilitated the creation of the suitable atmosphere for militant anarchistic demonstrations such as the ones seen yesterday.

"Its recent masquerading as a benign and socialist party is not enough to remove the climate which it has been forming continuously for 6 years."

On this point, political observers also connect with PASOK an insinuation made by the KKE about political forces which encourage extremists.

"Responsibility is borne likewise by those forces which, regardless of their ideological character, create in certain sectors a climate of indulgence toward



'autonomous' terrorist activity, forces which flatter and encourage irresponsible groups, their specific objective being to hurt the KKE."

#### KKE and KNE

Similar inconsistencies are observed also in what is expressed by the communists.

In its announcement, the KKE states that these events took place "with the direct and leading participation of fascist mechanisms and secret-service agents."

At the same time, the KNE [Greek Communist Youth] attributes the blame for the events--in contrast to the KKE and PASOK--to "anarcho-autonomist and leftist groups which, along with various provocateurs and suspect elements advancing pseudo-revolutionary slogans, violated the decision of the EFEE [National Student Union of Greece] in favor of a march to the Chamber of Deputies, seeing that they proceeded to engage in open provocations, which gave the police the pretext for launching an extended campaign of terrorization of the people." Besides the government, the KNE also denounces "those political groups which are covering up for" the leftists and anarchists.

The youth group of the New Democracy Party expresses a different view. "The shifting of responsibilities," its announcement reads, "to provocateurs is not vindicated by the record. If the provocateurs and the enemies of democracy are to be isolated, the parties must realize that in our country there are democratic procedures which function in the freest way possible in all expressions of political life."

#### The Leftists

The leftist groups reject the theory of paragovernmental elements and provocateurs, revealing that they themselves provoked the incidents:

"The attitude of certain forces of the opposition, and A. Papandreou above all, slanders and distorts the significance of this militant mobilization. In the eyes of the people, it identifies mass struggles with the development of such actions and thus gives the green light to the suppression and criminalization of such mass struggles."

And the organization "Rigas Feraios" of the KKE-Interior, in referring to the statement by Davakis which commends the youth groups of the parliamentary parties "which with consistency and a sense of responsibility paid honor to the anniversary," stated: "The congratulations which Davakis gave to the youth groups of the parliamentary parties are not for us. These pertain to the KNE and PASOK youth groups, which not only were indifferent to the brutal and undisguised attack by the police on the forces of the KKE-Interior and the "Rigas," which not only continued shouting the slogans for "change" and the "17 percent," but in some cases (KNE) beat up members of the "Rigas" who were trying to escape from the pursuit of the MAT [Restoration of Order Units]."

Aside from the contradictory views of the government figures, various opinions were also expressed by different sides on the attitude of the police:

Mr Papandreou avoids blaming the police as a body, speaking instead about paragovernmental elements which infiltrated the police ranks.

The KKE: "Barbarously and without provocation, the police attacked non-participants in the terroristic demonstrations, reaching the point of using fire-arms, and they brought about the killing of people."

"Rigas Feraios" denounces "the brutal violence of the MAT." The KKE-Interior expresses its surprise at the attitude of Papandreou toward the police: "And inaccurately he shifts the bloody events to after the dissolution of the march, whereas at the time when the murderous attack of the MAT was manifesting itself, tens of thousands of demonstrators were taking part in the legal march of the EFEE."

#### Sober Reflections

Merchants along Panepistimiou Street were asserting that the police were able to arrest the vandals and looters of their properties.

The police say that if the breaking up of their force and the bringing in of guard troops had been allowed, the incidents would have been uncontrollable on both sides, and we would have had more casualties.

Other citizens as well as individual political figures wonder why the police did not arrest several hundred of the extremists. And on this point, policemen were saying that the anarchists were all carrying poles and iron tools, and that any attempt to arrest them would have meant very serious injuries at the very least.

Finally, the expediency of the march to the Polytechnic itself was called into question, since it has become the occasion for killings and riots.

In his announcement, G. Mavros stressed that "it is deplorable that a solemn anniversary ceremony has transformed Athens for the second time into a battlefield, since this is an insult to the memory of the Polytechnic victims." Mavros added that "the marches by irresponsible elements against foreign embassies are acts which are barbarous and contrary to international justice. Let us not forget that during the Italian invasion of Greece, no Greek had thoughts about organizing a march against the Italian embassy. Men fight only on the front lines."

Thousands of telephone calls and protests were made to the newspapers by citizens who correctly pointed out that the Polytechnic march has departed from its original purpose and in essence now harms even this anniversary and the democracy for the sake of which the struggle of 1973 took place. The same citizens have made the observation that this year the slogans had no bearing on the Polytechnic and the uprising of the students against the dictatorship: "Out of NATO" was the prevailing slogan. "Down With the Bases," "the Chamber of Deputies Should be Dissolved Now," and so forth.

## Zigdis: It Was to Be Expected

Mr Zigdis stresses in his announcement that "the politicizing of this day amounts to a frank disrespect. It lowers the level of this observance. And it leads inevitably to the deplorable events of last night. Because as long as the parties try to exploit this politically, it is to be expected that the same thing will be attempted as well by the extremist organizations which are opposed to the democratic system of government and to public order. In order to sully it, in order to desecrate it."

In summing up these happenings, political observers were contending that Sunday's events have revealed a very deep division of views between the government and the parties as well as among the parties and their factions themselves. And even among the ministers. They also revealed the existence of a very strong anarchist movement in this country, and sharp divisions of opinion within the political world on the origin, the nature, and the way to deal with this anarchism. And finally they revealed that in many cases political expediencies have gotten the better of the sense of responsibility of some political figures, the consequence being that the truth about the serving of political interests has been distorted. This, assert these observers, is the climate in which anarchy develops and ripens.

## In Public Affairs as Well

A short time earlier, specifically at the end of last week, a squabble appeared in the press between Premier Rallis and the chairman of PASOK, Papandreou. In a speech at the conference of New Democracy officers, Rallis extolled the work which the New Democracy Party has accomplished, and he added:

"The positions of the New Democracy are crystal-clear and have no need of constant readjustments and reformulations, in accordance with momentary expediencies or depending on the make-up of the audience.

"Those who use the slogan of change so frequently and with such insistence in order to achieve uncertain election gains will be obliged soon to realize that our people are not misled by messianic proclamations.

"Do not be impressed by the noise-makers and sloganers of the so-called change and the self-styled transformations. They make noises simply because they are not able to give substance to their demand for change. And this is because we ourselves have made this change.

"You must see yourselves as fighters for the completion of this mission. Public opinion, the general climate which we are speaking about, does not just fall from the sky. It has to be shaped. We need to mobilize will and courage. We need to present arguments. And above all we need to engage in discussions continually and everywhere."

Mr Papandreou responded by saying, among other things:

"It is a tradition for the Right in Greece to brandish dangers to the democratic institutions of our country whenever the forces of change begin to fight decisively

for the power. Indirectly but nevertheless very clearly, the premier once again is attempting the same scaremongering. We inform him that the 7-year dictatorship sprang from within the ranks of the Right, for the purpose of checking the forces of democratic change."

#### Against Rallis

He said further that: The New Democracy Party has returned Greece to NATO by surrendering national sovereign rights and by seriously downgrading the country's defenses.

That the country has entered the EEC under the most onerous of terms, and that not long after our accession the consequences of this will become clear to our industry and farming class.

That Rallis has always been in the loyal service of the Establishment and the monopolies.

That the Greek people are aware of the tremendous national and economic impasses into which our country has been led by the policy of servitude in national issues and of one-sided austerity, and by the lack of an even rudimentary economic programming.

The criticisms of Papandreou were characterized as "unexpectedly harsh" by political observers. The government's spokesman stated:

"This constant and wearisome reiteration of insulting inaccuracies reveals only one thing: That the chairman of PASOK has completely lost his composure. Because obviously he has begun to realize how different--in comparison to what he thought--the present state of affairs is for his party."

Finally, Rallis spoke about a pseudo-poll which will be made ridiculous by the results of the elections.

A short time earlier, a poll by the ELEVTEROTYPIA became known which gave to PASOK 38-40 percent, to the New Democracy 32-34 percent, to the KKE 10-12 percent, to the Center 5-8 percent, and to the extreme rightists 4-9 percent.

#### Greece and Missiles

As a full member of NATO, Greece took part through Minister of Defense Averof in the conference of NATO's Nuclear Planning Group.

"We are re-entering the alliance," said Mr Averof, "at a time of crisis, whose seriousness has not been understood, in my opinion, by the European public. The solidarity of all is needed if we are to manage on the one hand to prevent drifts towards a heating up of the crisis, and on the other hand to practically express detente in the sector of disarmament and in the other sectors of the Helsinki Conference. Many post-war crises would have developed into conflicts if the largely deterrent force of the Atlantic Alliance had not existed. Within the framework of this deterrent role, Greece will fulfill to the utmost all the obligations which fall to its share."



Even though the discussions of this group are secret, there are reports that they referred to the issue of the modernization of medium-range nuclear weapons. In addition, the ministers were briefed on the change in nuclear strategy which was decided on last summer by President Carter, in accordance with which the American missiles will now be aimed, as are the Soviet missiles, also at military bases, and not only at cities.

More specifically, on the increase in military expenditures it was reported that this increase, which the Danes, Netherlands, Belgians, and others are opposed to, does not pertain to Greece. Our country spends 19 percent of its budget for defense expenditures, whereas England, for example, spends only 10.7 percent, Denmark spends 6.4 percent, and so forth.

On this occasion, it was reiterated by this government that Greece neither has accepted nor is going to accept the establishment of "Cruise" and "Pershing" missiles on its territory.

Finally, in an interview with MILLIET, Mr Averof stressed:

Greece is never going to share the Aegean or relinquish its right to extend its territorial waters to 12 miles.

Nevertheless, relations between Greece and Turkey "will proceed in a positive direction."

#### "Center Faction"

The former leader of EDIK [Democratic Center Union], G. Mavros, spoke about a national crisis and the undermining of all our institutions, in his proclamation announcing the founding of the "Center Faction" party. He gives a rough outline of the purposes of his party as follows:

Suppression of the bureaucracy and a reformation of the governmental machinery.

Consolidation of political, economic, cultural, and social democracy.

Restoration of our country's prestige abroad.

Mavros proclaimed: "The hour of the Center has struck. We are all being summoned to respond to the call of history."

Mavros attacks only the government, and he does not make even an insinuation in the direction of the other parties of the opposition. But this did not keep him safe from their fire.

Thus, Pasmazoglou responded to Mavros to the effect that:

In Greece, the Center is democratic socialism.

The centrist forces must be independent vis-a-vis the other political forces, and this is incompatible with election-campaign associations which are inspired by coincidental expediencies.

The leadership for the Center must be chosen by democratic procedures.

At the same time, Mr Ziqdis criticizes Kavalos because although he led the EDIK to defeat in the 1977 elections and later tried to split it up, now he is trying to establish a new party.

#### On Konstandinos

Very widespread commentary was provoked by a full-page article of the ELEVTHEROS KOSMOS containing a photograph of Konstandinos and bearing the signature of S. Konstandopoulos, in which it was stressed that "Greece urgently needs the services of King Konstandinos." In this article, there is some talk about the formation of a new American policy under the leadership of President Reagan, a policy to which Greece as well should adapt itself by bringing back Konstandinos. It is stated in this article that "only those forces under which this country can expect its salvation" are in a position to resolve this new national problem.

12114

CSO: 4908

## PAPER COMMENTS ON SOCIALIST PARTY CONGRESS, CHAIRMAN

Reykjavik MORGUNBLADID in Icelandic 4 Nov 80 p 20

[Editorial: "Stormy Congress"]

[Text] The Social Democratic Congress this week did not promote unity within the party. It is obvious that both people and issues are being disputed. Members of parliament verbally attacked one another; and the parliamentary group was seriously criticized for its performance. The debate seems to have been most intense regarding the participation of the Social Democratic Party in the coalition government in 1978 and the afterplay of that participation. Benedikt Grondal, the outgoing chairman, said that he had always been opposed to this coalition; and the outgoing treasurer, Eyjolfur Sigurdsson, resigned from the party because of the party's flirtation with the communists. He said that since 1978 the saga of the Social Democratic Party had been a continuous tragedy.

This criticism was not reflected in the election of leaders. Karl Steiner Gudnason was reelected secretary, but he was one of the main advocates of the forming of the coalition government in 1978. Magnus H. Magnusson was elected vice-chairman, but he did not want to dissolve the coalition in the fall of 1979. Perhaps the congress representatives were only reprimanding the unruly parliamentary group, and at the same time they did not want to offend the labor-wing of the party. The vice-chairmanship was sought by two people who apply different methods in their political endeavors. The more conservative one won. He also leans towards the viewpoint that the newly elected chairman of the Social Democratic Party, Kjartan Johannsson, declares to be adherence to high offices instead of loyalty to the party policy.

The political battle of the Social Democratic Party is becoming more and more characterized by rhetoric in order to cover up differences that crop up about people and issues within their own ranks. Such methods are not inclined to spur confidence, especially not when at the same time very little or next to nothing is being done to live up to the big promises. "Stabilizing policy" in economic matters is the party's key word in discussions about the chaos in the national economy; that followed the election promise about validating the contracts. The party has not lived up to either one; and the tumult in the party during the government of Olafur Johannesson and the party work since then is more the proof of lack of balance than stability. Lack of discipline and rootlessness surfaced at the party congress, which will be difficult for the new chairman to tackle, as there are various indications that he would not have been elected if Grondal had decided to continue as chairman.

9583

CSO: 3111

## FINANCE MINISTER ARNALDS PRESENTS BUDGET

Reykjavik MORGUNBLADID in Icelandic 15 Oct 80 p 12

[Article: "Price Premises of the Budget: Proposal 42 Percent Increase Between Price and Wages From 1980 to 1981"]

[Text] Yesterday, Minister of Finance, Ragner Arnalds, called a press conference in order to introduce the budget proposal that was presented in the Althing the day before yesterday. At the press conference it came forth, as MORGUNBLADID has already reported, that according to the budget, the total revenue amounts to 533.6 billion kroner. Of that amount direct taxes, income- and property taxes are estimated at 91.6 billion kroner, indirect taxes 431.4 billion kroner, and other revenue is estimated at 10.6 billion kroner. The direct taxes are 17.2 percent of the final figures of the budget proposal; indirect taxes 80.8 percent and other income 2.0 percent.

According to this, the total tax burden because of the state taxation is 28.5 percent of estimated national production. The estimated revenue of the proposal is based on the premise that price and wages will rise about 42 percent on the average between the years 1980 and 1981.

The total expenses of the national treasury total 526.6 billion kroner. Of that amount 214.2 billion kroner go for community use; 87.6 billion will be used for investments and investment funds; and about 244.7 billion kroner will be used for consumption and management operations. Loan payments of the A-part of the proposal, beyond borrowings, amount to about 2 billion kroner total. The proposal, in its current form, presents about 3.8 billion kroner surplus.

The most important expense items in the proposal are insurance items, which claim about 136.5 billion kroner or 25.9 percent of the proposal; 69.5 billion kroner is allocated for education, or 13.2 percent; 39.8 billion for health purposes, or 7.6 percent; 31 billion for subsidies, or 5.9 percent; 35 billion for transportation, or 6.6 percent; 19.6 billion for interest, or 3.7 percent; 20.7 billion for energy, or 3.9 percent; 21.5 billion for agriculture, or 4.1 percent; 20.3 billion for law enforcement and police, or 3.9 percent; 11.8 billion for housing, or 2.2 percent; 7.7 billion for fisheries, or 1.5 percent; 12 billion for special economic measures,



or 2.3 percent; 101.1 billion for other expenses, or 19.2 percent. The proposal presupposes that the BSRB-contract [the Federation of State and Municipal Employees] will cost the national treasury between 4 to 4.5 billion kroner. The proposal also anticipates 21 billion kroner will be needed to cover wage price compensation increase.

The proposal anticipates that the State Building Fund and the Workers Building Fund will have about 40 billion kroner at their disposal during the year 1981; but the funds have about 23 billion kroner at their disposal this year. In the estimate for insurance expenses, a 5 percent income insurance increase is estimated from the middle of next year.

Arnalds emphasized that the item "art, contributions" increased from 480 million kroner in the 1980 budget to 859 million kroner according to this proposal, or about 70 percent. He said that the laws for the Icelandic Students' Loan Fund were being reviewed; and that during the latter part of this year it is expected that the loans will bridge 90 percent of the excess loans needed by students. The State contributions to the Fund will increase about 50 percent between the years 1980 and 1981.

At the conclusion of the press conference some items about beneficial changes in the state system were mentioned. It was mentioned, among other things, that in the 1980 Budget the sale of the older Fokker airplane and Arvakur, both belonging to the coast guard, had been decided upon. Now the sale of the coast guard vessel Thor is anticipated. The plan is to continue the organization of the State Motor Vehicle Supervision Office with the aim in mind to reduce the cost of car inspection. It is also mentioned that the provisions of the law about subsidies for agriculture, drainage and farming in connection with new directions in agricultural affairs. Investigations of the operation of various government agencies will be continued, among others, the operations of the National Energy Authority, the Post and Telegraph Administration, the State Natural Heat Supply, the State Drilling Contractors, the Iceland State Broadcasting Service and other agencies. Finally, it is mentioned that the possibilities of combining agencies that have a similar role, in order to reduce management costs; the ones mentioned are the Icelandic Survey Department, the Icelandic Hydrographic Service, the Office of the Veterinary General and the Sheep Diseases Control Office.

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CSO: 3111

## BRIEFS

SIXTEEN BILLION FOR SUBSIDIES--Government subsidies for goods amounted to a little over 16.6 billion kroner during the period January to September this year. This came forth in an answer the minister of finance gave to an inquiry put forth by Vilmundur Gylfason in Althing yesterday. It further stated in the finance minister's answer that included in this figure were payments to the farmers' pension fund amounting to almost one billion kroner, and about 1.38 billion kroner that were paid in January for the year 1979. Payment for export subsidies amount to a little over 8.1 billion kroner during this same period, including a total sum of interest- and storage fee for the fiscal year 1979-1980, or 934 million kroner. [Text] [Reykjavik MORGUNBLADID in Icelandic 31 Oct 80 p 32] 9583

KRONER CONTINUES TO FALL--A new decline of the rate of exchange has begun. Yesterday the U.S. dollar was listed at 555 kroner, but a little over 2 months ago, or 26 August, the krona started to fall and has continued to fall steadily since then and the devaluation during this period has reached 11.8 percent. The government's permit to declining the exchange rate expired during the middle of August, and the listing of the dollar remained stable for quite some time, or until 26 August, when the government authorized further decline of the krona. During the recent weeks the fall of the krona versus the U.S. dollar has been considerable. To solve the fish price problem before the end of last month, but a new fish price was to become effective 1 October according to law, the fish processing industry received a promise that the exchange rate would be dropped to 552 kroner, which was the level the krona had to be at in order for the fish processing industry to operate without deficit, based on the new fish price. This goal was reached during the last few days. It is therefore obvious that the government has authorized still further devaluation of the krona, as the dollar is now 3 kroner above this level. It is not clear what the reasons might be, but they can be many, new wage negotiations, among other things. Finally, it may be mentioned that the fall of the krona during these 2 months is computed over a 12-month period with the same rate of decline, is 83 percent in 1 year. [Text] [Reykjavik MORGUNBLADID in Icelandic 31 Oct 80 p 32] 9538

## BARRE DEFENSE POLICY SPEECH OF 11 SEPTEMBER 1980

Paris DEFENSE NATIONALE in French Nov 80 pp 9-19

[Speech by Prime Minister Raymond Barre at the opening of the 33rd national session of the Institute for High National Defense Studies, Paris, 11 September 1980]

[Text] This is the fourth time that I have had the honor of presiding at the opening session of a term at the Institute for High National Defense Studies; and it is always a renewed pleasure for me to be in this institute whose renown, along with that of the assembly, is unquestioned.

I take this opportunity to do homage to your staff for the quality of the programs that they carry out and for the dedication with which they animate your studies. I should particularly like to express my complete confidence in Admiral de Castelbajac who has just been designated director of the institute. My presence today is again evidence of the interest that the government attaches to the institute.

In the press conference that the president of the republic held this past 20 June, he stated that "defense problems are among the most complex that arise in the present world."

Your stay at the institute, ladies and gentlemen of the assembly, will make it possible for you to perceive the diversity of their aspects, and to be more aware of their implications. Then, with complete knowledge, you will be able to participate in the effort to obtain the information that is necessary to enable all of our fellow countrymen to understand the true nature, the needs, and the importance of defense in the modern world.

Coming from various sectors, you have the privilege of being able to approach the problems that you will study with a pluridisciplinary approach. From a comparison of your points of view and of your discussions may come a certain number of ideas that will cause our defense concepts to improve.

Now, when you are about to begin your studies, I should like to specify the status of France's security problems and to analyze the two aspects of our defense policy: the prevention of violence through capability, taking into account the variety of situations and the development of techniques and research, and the maintenance of our freedom of action.

1 - France's Security Problems (headings have been supplied by the editorial staff of the magazine).

The world, as you know, is in full evolution. In all spheres--economic, political, strategic--new balances are being sought in an atmosphere of uncertainty, disorder, and sometimes confrontation.

With respect to defense problems, one can illustrate the uncertain and unstable nature of the situations with which we are confronted with three observations.

In the first place, international life is dominated by the relative strengths of the superpowers: those of the United States and of the USSR. Any change in the relative superiority of one or the other of the protagonists alters these relationships and puts them on another level. These fluctuations are expressed unceasingly by a progression or a regression of influence of one of the powers concerned in this or that part of the world, with inevitable political repercussions for the countries of the area concerned. For several years an acceleration of this process has been manifest. The Soviet government has known how, or was able, during the course of recent years to extricate offensive possibilities from the policy of coexistence instead of restricting itself, as in a less recent past, to an effort at defensive readjustment to the realities of the moment.

In the second place, for lack of a consensus on the part of the great powers concerning the determination of world order, political violence, blocked by the precarious balance between the USSR and the United States, manifests itself in the form of marginal and limited wars, armed intervention, guerrilla warfare, and acts of terrorism in increasing number.

Finally, these manifestations are the visible signs of hidden tension caused by demographic imbalances, unequal distribution of wealth among nations, the degradation by man of his native environment, the curbing of development owing to the huge rise in the price of energy. Those are the real challenges of our times.

Although our country still presents the image of an islet of peace--and I will add even of relative prosperity--in a world that is in the throes of all kinds of difficulties, international instability and uncertainties explain some of the apprehensions of the French people and their renewed interest in defense matters.

France in fact is directly affected by the confrontations, crises, and conflicts that take place in the world: first of all in Europe, where we have vital interests and where a close solidarity and a community of interests bind us to our own neighbors; overseas, where we have some departments and territories and where there are friendly countries with which we have so many ties; everywhere, in short, on land and sea, where freedom of trade and of transit are necessary to the economic life of our country.

Furthermore, because of its past and traditions, France has the duty to contribute to the lessening of tension and to the peaceful settlement of conflicts throughout



the world. From geography and from history it derives a mission to restore to Europe the political influence that the crises and the wars of the first half of this century have caused to dwindle.

That is why the idea of defense with respect to France could not be considered from a restrictive point of view: it must be considered in its entirety, because it concerns not only the protection of our land and our interests, but also our commitment to the ideals and the values of our civilization, to peace and the balance of power in the European continent.

## II - Prevention of Violence

Among the dangers that could confront our country, there are some that threaten the integrity of the territory, national sovereignty, and our free choice of destiny. These are the things that we must with all priority forestall and avert.

In order to prepare against a variety of possible types of aggression, from diplomatic or economic pressure to possible nuclear bombing, and from having experienced the traditional action of mechanized units, France 20 years ago chose an original defense policy that was adapted to its ambitions, in accordance with its capabilities, applicable to the strategic situation that was appropriate to it.

That policy aims to dissuade any eventual aggressor from engaging in an attack against our vital interests in Europe through the certitude that its action would involve in return, the certain destruction of a considerable part of its cities and of its economy; the damage would exceed by far the benefit that the aggressor could hope for from its action.

That eventual response, to be credible, cannot be of an "all or nothing" nature, because its restrictive and prohibitive consequence cannot be fully and immediately exercised in all circumstances. An aggressor might doubt our willingness to accept the sacrifices for our country that the recourse to nuclear weapons implies and might be tempted to test the reality and the scope of our determination. Likewise, it might consider a nuclear strike decision as unlikely in the case of a minor engagement, on the fringes of our zone of interest, and in that hypothesis might try to proceed by successive nibblings. Finally, other events are conceivable, not very compatible with the threat of the use of strategic nuclear weapons.

To respond to these eventualities, France has conventional forces--land, sea, and air; their engagement, combined if need be with that of tactical nuclear forces, would make it possible either to victoriously oppose an attempt at a minor aggression, or to not leave any doubt concerning the reality of our determination, or again to respond to the need of any situation that might arise in Europe or in the Mediterranean.

The objective of this defense policy is to avoid war by stopping the course of violence in its beginnings. The diversity, complementary aspect, and versatility of our military apparatus must make it possible for the chief of state to bear down on the willingness of opposing leaders throughout the development of a crisis, whether the latter in the beginning is of the type of armed confrontation which either would directly affect us first or would affect only our neighbors and allies before reaching us.

This strategic concept is now giving rise to an intellectual debate in our country that is worthy of interest. In order to appreciate the relative value of the current theses, I should like to bring out some essential points that are too often lost from sight in the discussions.

First of all, in spite of everything that may have been said, or written, on the split in our ways of thinking that has resulted from the nuclear reality, all of its implications have not yet been clearly perceived. Many minds, including the best, continue to reason in old terms about new things, a customary psychological tendency in the case of an epistemological break. In the ferment of strategic thinking, the concept of the use of a nuclear discharge involves some unrealistic viewpoints. It is thus that, in a crisis situation in which we might be engaged, it appears inconceivable that a more or less lasting "tactical nuclear exchange" would not gradually come closer to our national territory.

On the other hand, the United States and the USSR have accepted the idea of a nuclear conflict of a certain duration, possibly limited in nature. These two great powers state, each in a speech made for the sake of the other, that they are ready to admit the possibility of a nuclear war carried out with strategic weapons and pursued up to victory. The Americans believe they can control the conflict and contain it at the level of forces; the Soviets for their part consider it unavoidable to proceed to the utmost. These theses perhaps have a certain rationality. But I note that, beyond the first exchanges that are envisioned, these strategies remain, in the last resort, based on the prevention of violence through the certainty of an assured mutual destruction. Through the use of strategic weapons combined with tactical weapons, the Americans, through dissuasion mean "to prevent the eruption of small wars in vital areas,"\* while maintaining an anti-cities capability of response that is sufficient to prevent a conflict from degenerating and to forestall complete destruction to both sides. There is no anti-forces strategy--strategy of war--which in the highest degree is not an anti-cities strategy--strategy of dissuasion.

For our country, there is no problem of a choice between an anti-forces strategy and an anti-cities strategy. The area of possible conflicts would be located at the immediate approaches to our country, and the risk of seeing a confrontation

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\* Editor's note: Statement of Harold Brown, United States secretary of defense, in the interview he granted to Thierry de Scitivaux, TFI journalist, broadcast on 2 July in "U.S.A. Documents" of the Information and Cultural Relations Services of the United States Embassy in Paris. The passage referred to here is as follows: "In this way, the existence of strategic weapons, combined with the use of tactical nuclear weapons, serves to forestall all wars from erupting in vital areas through dissuasion. But one must pay the price of this dissuasion and this is the price: if a small war begins, there is a possibility that it will degenerate and bring about complete devastation to both sides."

degenerate and affect the national territory is highly improbable. Well, there will never be much hesitation on this point. Any atomic action on French soil is strategically significant because of its relatively small area and because of the density of its population. It would automatically entail an anti-cities nuclear response.

Besides, even if it wanted to, France, a medium-size nation with limited resources, cannot expect to aspire to equality with the two great nuclear powers. The only path that is open to us is that of the present strategy; its theoretical bases after all appear more certain. The framework for its use is not set and remains sufficiently flexible to respond rationally to all of the needs of our security and the diversity of marginal situations.

The dialectics of the relationship between the Russians and the Americans also show why we intend to continue to remain in control of the decision to engage our forces: we intend to avoid being drawn, in spite of ourselves, into a conflict when our vital interests would not be threatened. I remind you that we in Europe are directly affected by the security of our immediate neighbors; we consequently would not be able to remain indifferent to any action affecting their freedom.

My concluding remark concerns the nuclear weapon with a greater radiation capacity. An atomic weapon first of all, it calls for restrictions of use and significant action at the strategic level. As such, it would naturally take its place in our show of dissuasion by substituting itself in certain cases for the present tactical nuclear weapon, because it is more versatile and more credible with respect to use in no matter which theater. On the other hand we cannot let our security rest on it alone, by taking refuge behind some "China wall" and have it prevent any entry. Throughout history, people have paid dearly for the error of entrusting their safety to a rigid and too easily delimited system, not realizing that the essence of strategy is to counter the willingness of the opponent by having available at all times during the evolution of a crisis the means of appropriate action.

I have dwelt on the risks that our security incurs in Europe because they are of a deadly nature. Our country cannot allow any dilemma in their regard. In 1980, France reached a dissuasion capability that made it possible to forestall a major aggression. This capability will continue in the future. In a difficult economic and social period, the government has authorized an exceptional financial amount for defense. Thus the 1980 budgetary fiscal period credits for this department have increased 17.9 percent, while a ceiling has been placed on the other ministries. The portion of resources thus appropriated from the national revenue is considerable. It cannot continue to increase in an unlimited fashion, under pain of compromising economic development, the equilibrium of internal structures, and the stability of the country.

That imperative necessity influences our types of strategic action, just as it influences the choice of weapons systems, the structures of forces, and the effectiveness of our armament industries. As prime minister, charged with carrying out the choices and budgetary arbitrages, I have always, in accordance with the instructions of the president of the republic, seen to it that our defense has available the financial means necessary for its effectiveness. But, in the difficult economic times that we are experiencing, we accept some considerable sacrifices in other spheres of our national life in behalf of defense. That is why everything must be done to seek the best use of the credits appropriated for our forces,

whether for training, modernization, or development; for research; and for the manufacture of weapons.

### III - Freedom of Action

Defense does not consist only of protecting us against violence. Its purpose is to also give France complete freedom of action. This concern is at the basis of our foreign actions and of our domestic endeavors to strengthen the country.

Abroad, our steadfast policy of course is to ensure the respect of the legitimate interests of our nationals and to maintain the free access of our trade to sources of supplies that are indispensable to the economy. But, to limit our ambition to that would be to detract from our time honored tradition. France intends to contribute to the establishment of peace throughout the world, just as it intends to reduce the inequalities of development by means of dialog and cooperation. To the extent of its resources, it is willing, through its initiatives to be a factor everywhere for order and progress.

The action in this domain is first of all diplomatic, economic, and cultural but, if circumstances require it, it will rely on the presence, and if need be, the engagement, of military means. Thus in several recent circumstances, and at the request of the governments concerned, France did not hesitate to resist attempts at the destabilization of the African continent. Likewise we were the first to give humanitarian assistance to the inhabitants of countries that were struck by calamities, disease, or famine.

France cannot conduct its defense strategy and act abroad if its domestic security is not assured. In particular, the implementation of dissuasion is inconsistent with the disorganization of a country and with serious troubles implicating the cohesion of a country.

To realize the conditions that make it possible for our strategic action to act without impediments is the objective of our economic defense and of our civil defense.

France has had the privilege of benefitting for 20 years from a global defense concept and organization. The 7 January 1959 ordinance is based on the principle that defense is not solely military, but extends to all spheres that pertain to the action and responsibilities of the country. It stresses the need for dispositions that make it possible to meet varied situations and at increasingly serious levels of crisis. But the 1959 decrees for the application of the ordinance do not take into account our policy of dissuasion that was determined later. The government, at the request of the president of the republic, has undertaken to make the texts of the ordinance become consistent with our strategic means of action.

Its first preoccupation responds to a concern for coherence. The old texts on civil defense took into account serious and imminent situations that justified survival measures. This view of things corresponds in fact to a defeat of dissuasion. Our



Our present dispositions on the contrary favor measures that can contribute to the success of our strategic action.

Under the direction of the secretary general for national defense, work is in progress in the various ministerial departments to update the texts by adding a new dimension to the existing dispositions. The sought after aim is to have available an entire set of precautionary preventive measures and measures for action, in order to be able to meet increasingly serious crisis situations.

After the texts, arrangements were made to give more cohesion and effectiveness to the defense organization of the various ministerial departments. Therefore, under the direct jurisdiction of each minister concerned have been placed high-level defense officials, charged with seeing to it that the defense concerns are effectively taken into account by the officials who have this responsibility, and that they are translated into suitable dispositions. Simultaneously, at the departmental level, the role of the departments of defense and of the prefectures has been specified and broadened.

There remains economic defense. It is still based on old ideas of organization and of mobilization of the nation in time of war that are no longer suitable for new realities. The definition of a new concept and the realization of appropriate specific dispositions are imperative. This is the purpose of the studies in process, based on the lessons drawn from recent national and international crises.

Our second concern is to ensure the continuity of governmental action and of the functioning of the major services of the country.

The dichotomy between protection plans and defense plans is no longer appropriate. The maintenance of continuity of governmental action, indispensable for the control of crises, is the priority objective. It is thus necessary that in all circumstances the security and the free exercise of the functions of authority and of communications be assured and, foremost among them of course, those that condition the utilization of the forces and the continuance of essential governmental activities.

These conditions will be facilitated by the fact that those responsible for the preparation of the possible implementation of defense measures in time of crisis are henceforth the same ones who in normal times are responsible for the daily functioning of the country. The transference of responsibility from public order to military authority are reduced to exceptional cases, the principle being that the two authorities--civil and military--remain responsible for their specific missions by supplying mutual cooperation to each other.

The protection of populations, one of the components of civil defense, poses a problem. This subject deservedly preoccupies the French people; it will be the subject of your studies. You will have to clearly draw the consequences of three essential specific facts:

- The idea of passive defense is no longer valid; the protection of populations against the direct consequences of a nuclear strike is impossible, and respites

after a warning are extremely reduced;

- A policy for extensive construction of bomb proof shelters would involve enormous costs;

- For a relatively small country with a great population density like France, the real protection against bombs lies in the power of dissuasion.

The real debate then is the choice between passive protection or the strengthening of our dissuasion. We cannot do both. This does not exclude, of course, a study of preventive dispositions and the implementation of realistic and realizable measures.

#### Conclusion

In the unstable world in which we live, France will have more of a capability of providing against foreign dangers and of guarding against any form of violence in proportion to the assurance of its national cohesion and its economic and cultural dynamism.

It is the government's constant desire to realize this condition that is necessary and preliminary to any defense. It is in this direction that its efforts are proceeding, in order to develop our economy, to patiently reorganize our structures—agricultural, industrial, and commercial—to create good and lasting jobs, to ensure social progress, and to reduce inequalities among the French people.

It is the direction that its actions are taking to promote a demographic recovery, to prepare the young for future tasks, to stir the spirit of initiative and of responsibility within the entire social structure.

Every population has experienced challenges and ordeals in its history. The people who surmount them emerge stronger; those who give up or surrender no longer count in the world scheme. France up to now has always been able to find the necessary will and resources to meet them and to survive. I, who for 4 years have had the responsibility of carrying out a governmental function in difficult national and international circumstances, should like to say once more that we have nothing to fear regarding either the future of France or the capability of the French people to serve France.

9255

CSO: 3100

## PRESIDENT OF PUGLIA REGION DISCUSSES ECONOMIC GOALS

Bari LA GAZZETTA DEL MEZZOGIORNO in Italian 22 Oct 80 p 4

[Article by Franco Ferorelli: "The Region Is Opening Up and Is Expanding Planning, Expenditures, and Initiatives"]

[Text] President Quarta's first press conference at the opening of the 3rd legislative session. Energy, environmental protection, and water: three factors lagging in Puglia's development. Administrative restructuring is first on the list. Open relations with the PCI. Newspapers in the schools.

In the 3rd legislative session, which has just begun, the region will turn its attention to the socio-economic development of Puglia, addressing three strategic problem areas: energy, environmental protection, and water, which are three important but hitherto neglected factors in the regional economy as a whole. Solving these problems will mean the recovery of tourism, agriculture, industry and will also insure a better quality of life for the whole Puglian population.

These are not new concepts; they were amply set forth in the regional council in the debate on the program of the new coalition, but given their importance the president of the region wanted to go over them again in his press conference of yesterday. Quarta also emphasized that the planning statement would contain a precise timetable for completing the most important projects.

One of these has already been done. The coalition recently approved a bill restructuring regional offices. The regional development program will be proposed to the council in the first half of 1981; to this end, the coalition promised to form in December the scientific and technical committee and the standing consultants with both local governments and union, business and cultural organizations.

In the first half of November, Quarta said, the coalition will propose a water resources bill and will present to the council next March a regional recovery plan for the reclamation of polluted water. Relations with the Basilicata region for the coordinated use of available resources, Quarta emphasized, will be established in 1980. Precise basic objectives and deadlines will make it possible to evaluate concretely the vigor and effectiveness of regional action.

Quarta dwelt on energy problems in particular, saying he favored the completion of the coal-fired electric power plant in Taranto, would leave up to the regional council

any definite decision about the siting of a nuclear reactor in Puglia, and recalled the plans for distributing Algerian natural gas and the initiative for alternative energy use (solar and wind).

Quarta then reported on regional expenditures. Of 3.257 trillion lire in the 1980 regional budget for all sectors of regional activity, some 2.237 trillion have so far been allocated by law and resolution, i.e. about 68.6 percent, and of this latter figure only 44.8 percent has actually been disbursed (1.004 trillion lire). Quarta detailed the results affecting individual sectors and stressed that there is a good rate of expenditure, especially in public works, health, agriculture, transportation, and public education.

Quarta quickly touched on many other aspects of regional activity, examining them especially from the standpoint of operative programs and their prospects for completion. He also promised to have complete press relations, going beyond communiqués and handouts, and announced that a chart of Publian news media would be drawn up as part of a regional policy in this area (Dr Custodero, regional press coordinator, also spoke briefly on this subject at the beginning of the press conference).

Quarta also announced the introduction of a bill on school newspapers. This is in the regional plan. Quarta also addressed the problem of the political arrangement that engendered the 4-party coalition (the DC [Christian Democratic Party], PSI [Italian Socialist Party], PSDI [Italian Social Democratic Party], and the PRI [Italian Republican Party]) and clarified the relationship with the PCI. It will be an open relationship with no intention on the part of the majority to discriminate against it or limit it.

The question and answer session was very articulate and not devoid of polemics. It gave the president the opportunity to clarify other problems (new regional office, law No 285, slowdown of regional activity due to sluggish standing commissions, continual and frivolous postponements of the Control Commission's deliberations, meeting with CSATA [expansion unknown] for the use of electronic calculators to speed up bureaucratic procedures and work, etc.). All things considered, it was a useful press conference (Quarta promised to hold them frequently) because it gave an image of a region that is not arrogant but open to public opinion.

8782  
CSO: 3104



## PRODUCTIVE INVESTMENTS IN SICILY SAID TO LAG

Palermo GIORNALE DI SICILIA in Italian 15 Oct 80 p 2

[Article by Alessandro Hoffmann: "The Region Is Spending Half of What It Can"]

[Text] Report on the economic situation. The rate of payments has doubled in the last 2 years. Passive reserves remain unchanged at more than 2 trillion lire. Regional economy increasingly impoverished.

In concrete terms, 450 lire were paid of every 1,000 lire that the region could spend in 1979 for productive investments and social programs (by its own laws, not counting transfer payments from the government). This is the rate of financial stimulus in Sicily; in other words, the paltry sums coming from the regional fund. A reference point is the so-called spendable money supply, which includes not only items written into the budget (which hide a part of the expenditures on the pretext that they use up the "reserve") but also passive reserves or "earmarked" funds--practically a line of credit--where all the legal work is done but the money is not yet paid to the creditors because, for example, a public project is being processed for credit or because machinery on regular order is still in the testing stage and has not yet been billed.

And the much talked-about (though with many inaccuracies) passive reserves, which are a technical matter that cannot always be avoided, are increasing in total value and rose from 1.988 trillion lire in 1978 to 2.1 trillion in 1979 (though the nominal increase caused by inflation should be taken into account). But the rate of payments has actually increased much more rapidly, almost doubling in the last 2 years with an increase of almost 1.84 percent, amounting to 1.248 trillion lire rising to 2.295 trillion lire.

These are some of the facts in the "Report on the Economic Situation" (first of three volumes) drawn up every year by the assessor of Budget and Finance of the region. It is a quantitative synthesis of a mass of data that, when read with the proper key, can give an interpretation of many aspects of public intervention in the economy and society and the increasingly substantial slice of economic and social resources that this intervention takes. A characteristic of the regional economy that is being considered is the relationship between public expenditures in general (9.155 trillion lire in 1979) and the gross internal product (14.16 trillion in 1979); it comes to 64 percent in Sicily, which graphically illustrates how dependent the system is on expenditures by the national government, regions, local government and planning agencies.

If we evaluate the national government's share, we realize it is diminishing, going from 2.8 to 2.5 trillion lire in absolute value (in round figures) and from 5.2 to 4.1 percent of the total for all of Italy (a paltry amount for a region that contains about 9 percent of the country's population).

A glance at the economic balance sheet (i.e. all the credits and debits) shows that the gross internal product (in constant value, i.e. corrected for inflation) has fallen continuously and alarmingly from 1975 to the present. However, it is not in itself enough to account for all the debits, i.e. consumption and investment, and it is necessary to refer to the massive imports of goods and services, which come to a little more than 20 percent. In this context, problems are caused by the shrinkage of gross fixed investment (including amortizations, which, along with consumption by families and other institutions, are one of the two kinds of "debits"). This investment was 13.5 percent of the total in 1975 and is 11.1 percent now. This means that the region's productive assets are not adequate for the times and are gradually becoming poorer.

8782

CSO: 3104

**SUAREZ-ESCUREDO MEETING ON ANDALUSIAN AUTONOMY****Difficulties in Achieving Agreement**

Barcelona LA VANGUARDIA in Spanish 10 Oct 80 pp 1, 9

[Text] Rafael Escuredo was received yesterday by Prime Minister Suarez. The head of the Andalusian junta pointed out that he could not describe the meeting in positive terms because the viewpoints of the junta and the government do not agree. He said it would be difficult to reach final agreement and insisted that the Andalusian people had clearly come out in favor of the process set forth in [Constitutional Article] 151, "which is not the same as [Constitutional Article] 144."

Madrid, 9 Oct (LA VANGUARDIA special report)--"I cannot say that this afternoon's meeting with Prime Minister Suarez was positive, since the viewpoints of the government and the Andalusian junta do not agree. Moreover, the government's position remains very firm, and I see many problems in the future. However, I do not want to close a door to the future." This statement was made by Rafael Escuredo, president of the Andalusian junta, after his meeting at the Moncloa Palace with Prime Minister Adolfo Suarez, a meeting which was also attended by Martin Villa, minister of interior.

The meeting, which started at 2000 hours, ended at 2150 hours. The only subject on the agenda was the unblocking of Andalusian autonomy. The president of the junta stated that he had no negotiating power or specific objective, but had come simply to ascertain the government's position and report back to the junta.

Rafael Escuredo has called a meeting of the junta for tomorrow to report on the meeting and to have the junta, in turn, draft some rigorous but flexible criteria to be presented to the government in a coming meeting. Adolfo Suarez and Escuredo carried on most of the conversation, while Martin Villa limited himself to listening and clarifying some points.

"I really view the subject as very difficult and complex, and it will be very difficult to reach a final agreement. I hope we can smooth things over in the coming days and, for this reason, am keeping a flexible position. The government has to show more flexibility and stop entrenching itself in the positions it held at the time of the vote of confidence," said Escuredo.

Asked whether his attitude toward the Prime Minister was surprising compared to the attitudes of Santiago Carrillo and socialist leader Felipe Gonzalez, Escuredo said: "The meeting with Felipe Gonzalez ended without agreement; a door remained open to hope, a door that I do not want to close, but morally I cannot say it is optimistic. The prime minister has said that there need not be victors or vanquished. I share his opinion, but I have to insist that the only victor is the Andalusian people who have chosen the path of [Article] 151 by a rather large margin." The president of the Andalusian junta also said a specific date has not been set for a new meeting between the junta and the Prime Minister. He said that the meeting had not been bitter: "On the contrary, it was relaxed," and if something was outstanding about it, it was the extreme sincerity of the conversation.

#### Constitutional Articles 144, 151

Madrid ABC in Spanish 10 Oct 80 pp 88

[Text] "I cannot exactly assess the meeting as positive." With this comment the president of the Andalusian junta, Rafael Escuredo, expressed his displeasure last night about his 2-hour meeting with the prime minister and the minister of interior. Initially the meeting seemed to be the start of government contacts with the Andalusian junta, the valid interlocutor to negotiate the unblocking of the Andalusian autonomy process. However, the difference in viewpoints seems to have deepened, judging from the statements of the preautonomy Andalusian president.

"In short," Escuredo said, "I can say that the government retains its viewpoint and the Andalusian junta, in its majority opinion, retains its own. I must also add that the conversation was quite sincere. I expressed myself in absolutely clear terms and so did the prime minister."

Escuredo, who once said that the Andalusian autonomy process would not follow Article 144 as long as he remained head of the junta, was expressing his concern last night because at the meeting they did not even begin to agree on the formulas advocated by the four Andalusian majority parties. As is known, the UCD [Democratic Center Union] and the PSA [Socialist Party of Andalusia] are trying to unblock the Andalusian autonomy process by applying Article 151 of the Constitution to all the provinces, except Almeria, which decided otherwise on 28 February. To Almeria they would apply Article 144, the least violent constitutional formula because it allows invoking the "national interest." However, the PSOE [Spanish Socialist Workers Party] and the PCE [Spanish Communist Party] seem more inclined toward reforming the Law of Referendum Procedures to make possible the repetition of the referendum in Almeria. If this attitude is clear in the case of the PCE, in the PSOE there seems to be a difference of opinion between the national leadership and Andalusian socialists headed by the president of the junta. While the leadership seems to recognize the viability of formula "151 for all." He stresses that the procedure in Article 144 does not agree with the wishes of the Andalusian people as expressed on 28 February and has called the Permanent Council of the Andalusian Junta to a meeting early this afternoon, specifically at 1630 hours, to report on his meeting with the prime minister.



## POLL SHOWS THAT SDP GAINS FAVOR AS ECONOMY CONCERN GROWS

## Voters Go To Palme

Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8

[Article by Dick Ljungberg]

[Text] Energy has yielded to the economy. That is revealed by DAGENS NYHETER's IMU poll. Almost every other voter raises the economy as the most important political question. At the same time the study indicates that the Social Democrats are strengthening their position with the voters.

The Liberal Party's chances of recovery in voter opinion have diminished, primarily through the Social Democrats' getting more and more dependable sympathizers. That is shown by the study of the voters' second choice party that the Institute for Market Research (IMU) did in September and October. The Center Party's chances of taking voters away from the Social Democrats are also decreasing.

At the same time that the IMU asks the persons interviewed about the best party, which results in separate party sympathy measurement, it also asks about the second best party.

If the person interviewed says that the difference between his "best party" and "second best party" is great or quite small, he classes himself as a possible party changer. In this way it is possible to get an idea of possible in-and-out shifts between the parties.

The Liberal Party is the party that has the lowest percentage of sure sympathizers. Of the 8 percent that gave the Liberal Party as "best party" in the IMU poll, only 3 percent are sure. But at the same time the Liberal Party has long had the biggest number of "second best party" votes. That is now on the decline.

## Sympathizers

In the winter of 1980, according to the IMU, the Liberal Party had a chance to take a maximum of 10 percent of the voters away from the other parties. That would have meant more than doubling. In the last poll the figure is down to 7 percent.

While the possible influx from the Social Democrats during the winter was 8 percent, it is now down to 5. The biggest chance the Liberal Party has now is to take voters away from the Conservatives, but there it weighs equally with the Center Party.

It is in the biggest cities that the Liberal Party fights hardest with the Conservatives for the voters' favor and may win votes. The Conservatives together with the Social Democrats are the parties that have the biggest percentage of sure sympathizers, 13 percent of the total of 23 percent in the latest IMU poll. The surest voters are in the big cities.

The Conservatives have a very stable development with a net outflow of about 3 percent.

#### Center Party Dropping

It is interesting that the big possible exchange of voters between the Conservatives and the Center Party that was noted in the fall of 1979 has now gone down to half. At that time the Conservatives' possible loss to and gain from the Center Party were both 6 percent. Now the loss is 3 percent and the gain 4 percent. It is primarily in thinly settled areas that the Conservatives may take additional people away from the Center Party.

The percentage of sure sympathizers for the Center Party is going down as the poll figures go down. Of the 14 percent that had the Center Party as "best party" in the last IMU poll, 5 percent were sure. In the winter of 1980 the Center Party had a chance to take 5 percent from the Social Democrats and lose 2 percent. Now the chances of gain are down to 3 percent, while the possible losses remain at 2.

The Social Democrats' percentage of sure sympathizers has risen sharply, from 21 percent last fall to 28 percent now. This is in step with the party's rise in the IMU's party sympathy measurement.

In the spring the Social Democrats ran the risk of losing 22 percent of the voters in the maximal case against a possible gain of 7 percent. Now the corresponding figures are 19 and 7. The greatest risks of loss are in relation to the VPK [Left Party Communists]--a net of 5 percent--and next to the Liberal Party.

With the Center Party, to which they risked great losses earlier, the Social Democrats are practically in a dead heat among "second best party" voters.

#### Economy Main Problem

Stockholm DAGENS NYHETER in Swedish 27 Nov 80 p 8

[Article by Sven Svensson]

[Text] The economy is in a class by itself as the most important problem for the politicians to come to grips with. That is shown by a study that the IMU (Institute for Market Research) has done for DAGENS NYHETER. Every other voter sees the economy as the main problem.

The poll was taken during the periods 1-24 September and 29 September-8 October, with 1,700 answers.

The voters got to say what two questions they consider most important right now. Twenty-five different answers were given. The economy occupies a quite dominant position. Of those asked, 49 percent consider that the economy is most important, as against 36 percent in the spring of 1980 and 20 percent in the fall of 1979.

Great swings have taken place in the last year. In the fall of 1979 the energy problem was rated most important by a wide margin with employment in second place.

Employment is still second, but has dropped from 41 percent in the fall of 1979 to 34 percent in the fall of 1980.

#### Less Interest in Energy

During the fall of 1979 and the winter of 1980 the energy question was on top with 43 percent, but it dropped in the spring of 1980 to 25 percent and has plunged this fall to 14 percent.

Taxes are stable at 14 percent. The alcohol and narcotics problem, which drew attention to itself in the spring of 1980, has dropped back in the fall from 16 percent to 10 percent. Part of this drop can be explained by the fact that a new heading, "youth problems," has now been introduced and got 6 percent.

Subsidy questions and environmental questions share 6th and 7th place in the poll with 8 percent each.

#### Women's Questions at the Bottom

Wages have gone down from 6 percent in the spring to 2 percent in the fall.

At the bottom of the poll, with 1 percent each, are rents, defense questions, workers' funds, influence questions, immigration questions, aid to underdeveloped countries, and the preservation of world peace. Work environment questions and women's questions got 0 percent.

The survey also shows which questions the sympathizers of different parties feel especially important or less important as the case may be.

#### Center Party Pushes Moral Questions

The Conservatives' sympathizers consider that the trade/exchange balance, the economy, taxes, subsidy questions, schools, and youth problems are especially important questions, while employment, questions of equality, child care, and the care of the aged are below the party's average.

The Center Party's priority for moral questions is confirmed by the study. Criminality, environmental problems, and alcohol and drugs seem to the Center Party's voters to be important problems to come to grips with.

To Social Democratic voters employment, rents, child care, and care of the aged are especially important questions, but not the economy, subsidy problems, crime, and the environment.

### Socialists Best Satisfied

The VPK voters give priority to energy and the environment but feel that the subsidy question is uninteresting.

For the Liberal Party no deviations from the average are noted.

IMU also investigated how the voters think their own party is dealing with the questions that it is most important to come to grips with.

The socialist parties' voters are best satisfied. Fifty-nine percent of the VPK voters are satisfied with the performance, 27 percent dissatisfied. The greatest dissatisfaction has to do with child care, where 28 percent are satisfied, 72 percent dissatisfied.

Fifty percent of the Social Democratic voters are satisfied, 35 percent dissatisfied. Seventy-three percent of the Social Democratic voters are satisfied with the care of the aged, 62 percent are dissatisfied with the subsidy policy.

On the bourgeois side the Conservative voters are best satisfied. Forty-four percent feel that the party is dealing with the questions well, 37 percent poorly. The greatest dissatisfaction has to do with taxes, where 36 percent answer "well" and 51 percent "poorly."

In the Center Party 35 percent are satisfied and 40 percent dissatisfied. Care of the aged gets high marks; 72 percent are satisfied. The economy is also approved, with 45 percent satisfied and 36 percent dissatisfied. Definitely low marks for the schools, where 14 percent are satisfied and 48 percent dissatisfied.

The dissatisfaction is greatest in the Liberal Party, where 30 percent approve the party's handling of the various questions and 50 percent are dissatisfied. Care of the aged and the tax policy are definitely approved, environmental questions, alcohol and drugs, and the economy definitely disapproved. Seventy-one percent think environmental questions are handled badly, 69 percent say the same of alcohol and narcotics, and 51 percent the economy.

The IMU survey indicates that confidence in the politicians may be on the rise. In the fall of 1979, 50 percent of those asked felt that their own party gave adequate attention to the two most important questions. The figure dropped to 42 percent in the spring of 1980 and then rose in the fall to 47 percent.

Ten percent considered in the fall of 1979 that one of the two most important questions was being well handled, against 8 percent a year later.

In the fall of 1979, 33 percent felt that none of the questions was being handled well, against 38 percent in the winter of 1980, 41 percent in the spring of 1980, and now 38 percent in the fall of 1980. Don't know/no answers are unchanged at 8 percent.

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## VOLVO FLYGMOTOR DEVELOPING NEW GENERATION JET ENGINES

Stockholm SVENSKA DAGBLADET in Swedish 10 Nov 80 p 26

[Article by Nils-Erik Lindell: "Production is in Progress on the Garrett Engine"]

[Text] Goteborg--Volvo Flygmotor in Trollhattan has now begun producing components for the new generation of Garrett engines for civilian aircraft in which the company is interested. However, no engines have been sold yet. Both the TFE 731-5, a jet engine for commercial aircraft (Volvo's share is 7 percent) and the TPE 331-14/15, a turboprop engine for feeder aircraft and large commercial aircraft (Volvo's share is from 15 to 20 percent) belong to the new generation of engines which Garrett now has begun to put on the market. They missed the first big orders, as is already known, when Saab-Fairchild chose General Electric's engine.

## Growing Market

"But the predecessor to these engines is a big seller," the public relations chief, Hans-Olof Karlsson, says. They sold 9,000 of the 731, but only 600 this year. Garrett is selling more than 500 of the TFE 331.

A fast-growing market for feeder aircraft for approximately 30 passengers exists. Saab-Fairchild has come out with its variant in good time and both the Havilland British Air Space Corporation and the Brazilian Embraer have chosen that engine. But many other manufacturers are in the starting blocks, too, including the French Aerospatiale, and Flygmotor Garrett says it is close to getting its first contract.

"There are a number of small airlines in the United States and the Third World which will have to replace their fleets during the coming years," says Bengt Lenhoff, the head of sales for the company. Those companies make their selections from among the less sophisticated aircraft--those without pressurized cabins, for example. That is where Garrett's big chance lies.

They expect to make their first deliveries of engines in 1983-84, but production consequently is already under way in Trollhattan.

For a year now, they have been testing a military jet engine on a bench in Trollhattan in which Volvo-Flygmotor has a majority interest and which also has

been developed for Garrett to a great extent. It is the TFE 1042 which, in part, is a further development of the TFE 731. It, too, has not yet been sold, but Bengt Lenhoff stresses the fact that Garrett is alone in the world in having a modern and fuel-efficient engine in that category.

Amerikanska Garrett is owned by Signal, a concern with 5,000 employees and a structure which in general is the same as that of Volvo. Among other things, they make trucks of the Mac K model. The aircraft engine division has 18,000 of the 50,000 [sic] employees.

Volvo Flygmotor also has a 6 percent share in the production of General Electric's engine for large civilian airline aircraft. The first of those engines are to be delivered in 1961-82.

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## RETURN BEGINS TO 'LIBERATED AREAS'

Istanbul TERCUMAN in Turkish 13 Nov 80 pp 1,13

[Article by Erol Dalli]

[Text] Before 12 September, there were not only liberated areas in Turkey, but liberated cities as well. The lives of the people who were not involved in events in these areas and cities were disrupted and they waited for the state to step in for a while, then left their homes and migrated to other places. After 12 September, however, the state came in, exerted its influence, and the "return to the nest" began.

Heading the provinces where public tranquillity was most disrupted were Kars and Corum, with the worst districts being Fatsa, Siverek, Silvan and Kiziltepe. In Istanbul, 1 May Quarter, Guzeltepe in Alibeykoyu and Gulsuyu in Maltepe were completely in militant hands as liberated zones.

## Present Situation

After 12 September, large operations were carried out in the regions where matters had come to a head, the militants were completely routed and public peace was restored.

In Kiziltepe, Silvan and especially Siverek, which we visited in the final months of 1979, at least four or five people were being killed daily owing to the activities of an illegal organization called the Apoists and the people were afraid to go out, even to buy bread. One national deputy in Siverek had not been out of his house for 3 months and, despite measures, could not even go to the Assembly. We were able to tour the city only with a gendarmerie escort. When we asked to go to a coffee house to talk with the people, the security officers would not agree because they could not ensure our safety. We were asked to stay in the city for only 2 hours and, moreover, it was requested that we not cause a disturbance or interview people in the street. The people who were not involved in the incidents in Siverek had sold their shops and homes for a song and moved to surrounding provinces.

Now, according to information received from our Urfa correspondent Kemal Kapakli, a "return to the nest" with peace of mind has begun in these zones, and meanwhile the prices of homes and shops sold for 30,000 or 40,000 liras has risen to 500,000 to 600 000 liras. The population of central Siverek, according to 1975 census

figures, was 48,465, while in 1980 it has dropped to 29,349. Recent public confidence has brought 560 families back home from Urfa alone with the state making its influence felt in this lovely district. Residents of Kars, Corum, Fatsa, Kiziltepe, Silvan and Siverek, who had abandoned their homes, are now coming back with arrival of the calm for which they had longed.

One quarter in Umraniye in Istanbul passed into militant hands in 1977 and remained for years a place where the illegal organizations made and executed their bloody plans. Its name had entered the registers as 1 May Quarter. The first thing done after 12 September was to change the name to "Mustafa Kemal," large operations were conducted to clean out the illegal organizations, the city bus began to operate, the police station became a police station, electricity and water were restored. In short, the longed-for calm arrived. Those who had moved away from here, from Guzeltepe and from Gulsuyu, have now returned to their homes. They are now living in peace.

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